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Reagan's 'New Federalism': Friends and Foes See a Bid to Shift Attention From Deficits

By Hedrick Smith
New York Times Service

WASHINGTON — With a far-reaching initiative for shifting federal programs to the states, President Reagan has signaled his determination to press forward with "the Reagan revolution" in government and has moved forcefully in an effort to dominate the legislative agenda in the face of recession and a restless election-year Congress.

In a State of the Union message that culminated weeks of internal debate, Mr. Reagan overruled the White House staff and economic advisers who urged him to combat ballooning federal deficits by increasing excise taxes. And he took the risk that later this year Congress would see deficits as its top priority and try to take the political initiative from him.

Tactically, by changing his emphasis from the budget and tax-cutting battles of 1981 to what he calls his "new federalism," the president was adapting to the economic reality that he could not produce "a quick fix" for the economy and the political reality that congressional majorities would probably balk at another round of huge budget cuts. Allies and foes alike saw his initiative as an effort to divert

attention from the projected budget deficits of nearly \$100 billion in this fiscal year.

Instead, Mr. Reagan chose to emphasize his primary personal mission was to slow the growth of federal spending and reduce the size of the U.S. government, and in make clear that even the current economic downturn has

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not shaken his faith in the tax-cut strategy of supply-side economics.

He seemed to be answering his own inner circle when he declared: "The doubters would have us turn back the clock with tax increases that would offset the personal tax-rate reductions already passed by this Congress. Raise present taxes to cut future deficits, they tell us. Well, I don't believe we should buy their argument."

He seemed also to be warning congressional Republicans and Democrats who were tempted to enact tax increases, cautioning that this tactic would not lower deficits or balance the budget but would only slow economic growth, reduce production and destroy future jobs.

And in acknowledgment that public pa-

tience was vital to the success of his economic program as well as the conservative political revolution he has introduced, Mr. Reagan urged the public to "summon the strength to continue on the course we have charted" in spite of the pain of rising unemployment and widening recession.

In terms of political strategy, White House officials reckoned, moreover, that after a year when Mr. Reagan dominated the political arena, the new proposal to gradually turn over 40 federal programs to the states not only fit the president's basic philosophy but was also likely to be the best way to sustain political momentum.

An Immediate Omen

"This represents the fifth installment on the president's mandate," James A. Baker 3d, the White House chief of staff, said. "Last year, he cut spending, he cut taxes, he cut regulations and he strengthened defense. The fifth thing he wanted to do was return power to the states. This fundamental realignment of the federal system is a dramatic and bold initiative, and I think it's going to allow us to dominate the debate."

But an immediate omen came from the

House Republican leader, Robert M. Michel, of Illinois. While backing the president's proposal, he noted that it did not directly address the nation's economic plight in an election year.

"This is right in line with Republican dogma," Rep. Michel said, "but my enthusiasm has to be muted a bit because it doesn't create one new job now. It's a partial answer to the long-range problem but it does not do anything for the immediate problem."

Not only Republican congressional leaders but even White House officials concede that, as Congress approaches early votes on raising the debt ceiling or adopting a 1983 budget resolution, the deficit issue could take precedence and touch off bipartisan efforts to cut military spending or raise taxes.

Pressure Forecast

Both moderate Northern Republicans such as Rep. Bill Green of New York and conservative Southern Democrats like Rep. G.V. Montgomery of Mississippi forecast pressure on the president to cut military spending to restrain deficits.

"I see some signs that Republicans in both House and Senate might work with Democrats

if the problem of the deficits and interest rates is not addressed head-on," said Rep. James R. Jones of Oklahoma, the House Budget Committee chairman.

Presidential aides conceded that Mr. Reagan might have more problems dominating the political arena this year than last but decided that they had little alternative but to come up with a series of initiatives, including abolition of the departments of energy and education but with the "new federalism" as the centerpiece, to gain the upper hand politically.

"I think we can hold the initiative this year," a White House official said. "We're not naive. It's going to be tough. But we think we can get a good portion of this program passed. And if we had gone up there with just more budget cuts, we would lose the momentum in five days."

Moreover, the White House has laid plans for Mr. Reagan himself to take his case to the nation, scheduling appearances before legislatures in Illinois, Iowa and Minnesota early next month.

But the "new federalism" package faces a long, arduous legislative fight, especially with Democrats in a partisan mood, as they indicated in their prepackaged, nationally televised

critique of Mr. Reagan Tuesday night. Because it touches many programs, it will have to be approved by a host of congressional committees and is likely to take up most of the year's session.

One issue that promises to dog Mr. Reagan increasingly, and one he sought to anticipate at several points Tuesday night, is the Democratic charge that his entire program unfairly hurts the poor. Even some Northern Republicans say that will be a critical test of his "new federalism" proposals.

Worried about the impact on New York, Rep. Green said that Congress would have to ensure that the tax revenues the president was turning over to the states would grow as rapidly as the programs that are being turned over and also that Northern states would not be hurt by having other states adopt lower standards for programs like food stamps and welfare.

Recalling the comment by David A. Stockman, the budget director, that the 1981 Reagan tax program was "a Trojan Horse" for traditional Republican economics, Rep. Green said: "If Stockman put together this gift horse for the states, we will want to look at it in the teeth very closely."

Memories of Assault On Mine in Katowice Darken Poland's Mood

By John Darnon
New York Times Service

WARSAW — Polish travelers from Katowice say the situation in the Silesian coal-mining region is much more tense than elsewhere in the country, with heavy police and army patrols and deep public anger over the killing of striking miners several days after martial law was declared.

Numerous reports, including one from a local priest, insist that perhaps as many as six members of the security forces also died in the assault on the Wujek mine, in which at least seven miners were killed on Dec. 16. The authorities have denied that any policemen or soldiers have been killed anywhere in the country.

"I talked with a father [priest] who was present throughout the attack," said a 22-year-old man from Katowice, "and he saw six bodies in uniforms covered by white sheets." Other sources, including one high party source, have conceded privately that at least one policeman died at the Wujek mine, which is in a Katowice suburb. However, there is no way to obtain independent confirmation of any of the reports.

The young man from Katowice said he visited the Wujek mine last

week and found that a wire fence placed over a hole located into the concrete wall by a tank had become a makeshift shrine. Near the fence was an 8-foot-high crucifix and, next to that, seven red and yellow miners' helmets.

"Every miner on his way to work stops, lifts his cap or kneels and lights a candle," he said.

Nearby, on the fence itself, were plastered scores of leaflets and posters, denouncing the police and extolling the Solidarity union. "Solidarity was and will be," read one. Others said: "Death to the fascist murderers of our miners" and "We pray for Solidarity."

Various leaflets were attached to the fence, including the notice of a funeral service in "the memory of the tragically murdered miners." The travelers said that the authorities had refused permission for a mass funeral for the slain miners. Instead, the family of each victim was informed of the funeral on the day it took place and was permitted to have only one priest in attendance.

It was also learned that the military commissar of the Wujek mine had ordered the removal of seven miners' lamps that were placed near the cross, each bearing the name of a slain miner. The fact



President Reagan acknowledging applause before beginning his State of the Union address. Behind Mr. Reagan are Vice President Bush, left, and House Speaker Thomas P. O'Neill.

The Kremlin After Suslov's Death: A Need for Stability

John F. Burns
New York Times Service

MOSCOW — The death of Mikhail A. Suslov has deprived the Soviet leadership of a figure of towering authority who could have provided an important element of stability when the time comes to choose a new Communist Party leader to succeed Leonid I. Brezhnev.

Mr. Brezhnev is 75 years old and in fluctuating health, and his succession is one of a number of vexing problems facing the Kremlin. There is no obvious front-runner in the ruling Politburo who seems to have the stature to play the kingmaker's role that Mr. Suslov played in 1964, when Mr. Brezhnev succeeded Nikita S. Khrushchev.

In addition, Mr. Suslov's death, at the age of 79, has removed the man who for nearly 30 years acted as the Kremlin's principal guardian of Communist rectitude, both inside the Soviet Union and in the Soviet-dominated states of Eastern Europe. More than any other Soviet leader, he is believed to have insisted on a halt to the erosion of Communist power in Poland.

In his role, too, Mr. Suslov has no obvious replacement. Although there are lesser figures in the party

hierarchy who are considered Suslov protégés, none carries the authority of their mentor, whose career in ideology and propaganda spanned every Soviet leader from Lenin to Mr. Brezhnev and every upheaval from the purges of the 1930s to de-Stalinization in the 1960s and the ouster of Mr. Khrushchev.

One theory circulating among diplomats here Tuesday was that Mr. Suslov's death might clear the way for a somewhat less doctrinaire approach by the leadership, in political as well as economic and cultural matters. In turn, the diplomats suggested, potential successors to Mr. Brezhnev in the Politburo might find it easier to press their candidates on a platform of

reform. However, there are other factors, including bureaucratic resistance, that will continue to militate against any major easing of domestic policies.

The effect on foreign policy, particularly relations with the United States, is especially hard to predict. Although Mr. Suslov remained wary of Westerners, he was a strong backer of the policy of détente, under which the Kremlin sought arms agreements with Washington and a broadening of trade, cultural contacts and other exchanges with the West. Two years ago, he described the relaxation of East-West tensions as "a historic achievement" and urged that it continue.

Lately, his position was harder

to determine. He had always warned against the dangers of ideological corruption if détente caused a lowering of the guard against "bourgeois" practices at home, and he renewed his strictures three months ago in a speech to social scientists. On that occasion he said that "our class enemy, its propaganda and its special services" had launched a "psychological war" against the Soviet Union, particularly Soviet youth.

Given his reservations, Mr. Suslov may have lost some of his enthusiasm for détente in the last two years as Afghanistan, Poland and other issues created fresh tensions with the West. Although he seldom spoke in public, and re-

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AWACS Planes Detect Soviet Jets in U.S. Zone

By Michael Getler
Washington Post Service

WASHINGTON — Two Soviet TU-95 Bear reconnaissance bombers penetrated deep into U.S. airspace off the Virginia coast to look at a new U.S. aircraft carrier and

were detected by AWACS radar-warning planes that are said to be patrolling the waters between Cuba and the United States.

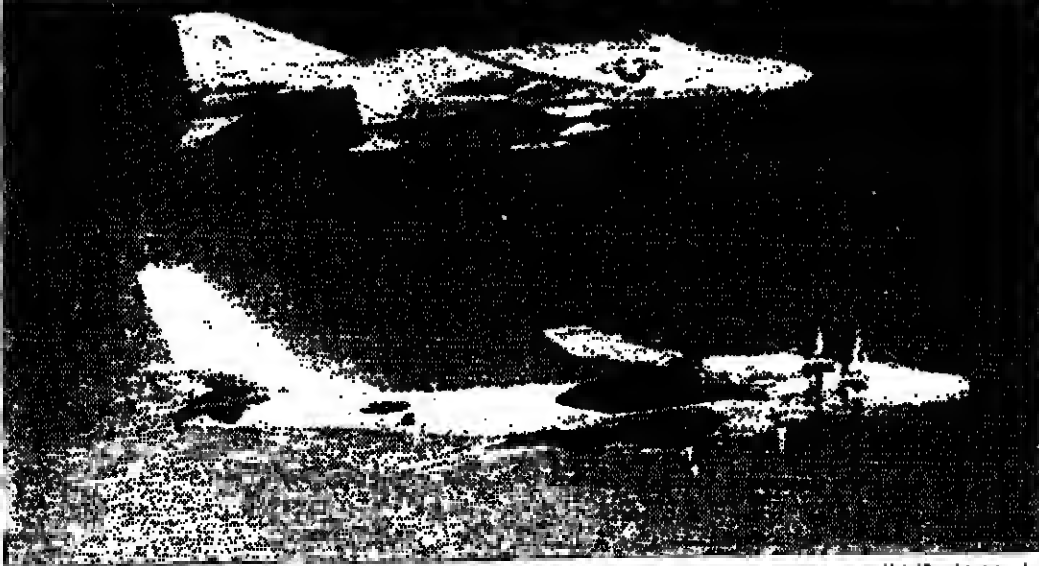
Although it is not uncommon for Soviet reconnaissance planes to probe near U.S. fleet maneuvers, informed sources said that deployment of the Air Force's Airborne Warning and Control System planes is a new development linked to growing concern about shipment of new MiG-23 Flogger attack jets from Moscow to Havana earlier this month.

Military officials said Tuesday night that the two Soviet TU-95s had taken off from their base in Cuba that day and were intercepted and escorted from U.S. airspace by Air Force F-15 Eagle fighters and Navy F-4 Phantom jets. The Soviet planes returned to Cuba.

The planes reportedly penetrated 42 miles into the U.S. air defense zone off the coast to within about one mile of the Carl Vinson, the new 93,000-ton, Nimitz-class nuclear aircraft carrier. The Vinson left Newport News, Va., Sunday for sea trials.

Pentagon officials said the TU-95s were at about 1,200 feet (368 meters) when they came closest to the Vinson off Cape Charles, Va.

Such Soviet bombers occasionally have penetrated the U.S. air defense zone, which extends about 200 miles to sea. U.S. jets normally intercept Soviet planes detected in the zone and escort them out.



A U.S. Navy F-4 Phantom jet escorts one of two Soviet TU-95 Bear reconnaissance planes that penetrated deep into United States airspace and circled the new aircraft carrier Carl Vinson.

Officials who declined to be identified said that Tuesday's incursion was the first they could recall in which TU-95s made a special round-trip from Cuba to reconnoiter U.S. naval units off the U.S. East Coast.

According to the Pentagon, an unspecified number of F-15s scrambled from Langley Air Force Base, Va., and intercepted the Soviet planes about 218 miles from the Vinson.

Two F-4s from Oceana Naval Air Station at Virginia Beach took over the escort about 46 miles from the Vinson and accompanied the TU-95s as they circled the Vi-

son once before heading back toward Cuba, the Pentagon said.

The presence of about half a dozen MiG-23s in parking crates at an airfield near Havana is "making a lot of people uncomfortably unhappy" in Washington, a well-placed source here said Tuesday.

Secretary of State Alexander M. Haig Jr. expressed concern about the MiG-23s Tuesday during a meeting with Soviet Foreign Minister Andrei A. Gromyko in Geneva, the source said.

Although the MiGs are still

crated, sources here said U.S. specialists are sure the planes are of the modern MiG-23 variety. About

30 or 40 other crates with the aircraft are believed to contain spare parts and other equipment.

But it is unknown whether these MiGs are primarily models used for air defense or to support ground troops, or whether they are models that can carry bombs, including nuclear weapons.

President Proposes Transfer Of Responsibility to States

By Lee Lescaze
Washington Post Service

WASHINGTON — President Reagan has proposed an extensive realignment of government responsibilities between Washington and the states and said he would not raise taxes this year because his economic program will bring federal deficits down and restore prosperity.

Presenting his first State of the Union message on Tuesday, Mr. Reagan called for "a single, bold stroke" to make government more

President Reagan's program still has support from voters. Page 7.

responsive to the people by stripping an array of more than 40 programs out of federal control and turning them over to the states.

Noting that he plans to make a separate speech on foreign policy, Mr. Reagan said, "Our sanctions against the military dictatorship that has attempted to crush human rights in Poland — and against the Soviet regime behind that military dictatorship — clearly demonstrated to the world that America will not conduct 'business as usual' with the forces of oppression." Reiterating a pledge made Jan. 19, he said, "If the events in Poland continue to deteriorate, further measures will follow."

He added that the United States will act firmly toward "those who export terrorism and subversion in the Caribbean and elsewhere, especially Cuba and Libya."

The proposal to turn more responsibilities over to the states, which Mr. Reagan called "New Federalism," would realize a dream that he has had since the start of his political life in the 1960s. He campaigned year after year against big government, and his proposal would make federal government a good deal smaller.

"Our citizens feel they have lost control of even the most basic decisions made about the essential services of government, such as schools, welfare, roads, and even garbage collection. They are right," Mr. Reagan told a joint session of Congress.

In the major element of the program, the federal government would assume all costs of Medicaid, which now is a joint federal-state program, and would turn

On Page 2:

Democrats issued their own State of the Union message, gloomily emphasizing unemployment and social welfare cuts and attacking Reagan administration policies as favoring the rich Americans over the poor and the middle class.

Larger budget deficits than his advisers had recommended will result from the Reagan fiscal policy for the next two years, but the president insisted that "raising taxes won't balance the budget."

Business tax changes outlined by Mr. Reagan are designed to raise a total of \$24 billion in fiscal 1983 and 1984 despite his insistence that he would not increase taxes.

over to the states welfare and food stamp programs.

Mr. Reagan also proposed turning some 40 other domestic spending programs over to the states to continue or out as they chose. For an interim period, the federal government would also turn over funds to help the states pay for them, but after 1991 that aid would cease and it would be up to the states to levy the taxes to support them.

The president devoted most of his address to federalism and the economy, but he also said:

• The journey toward civil rights for all citizens "must continue with no backsliding or slowing down." He added that his administration's commitment to equal rights for women "is firm and unshakable."

• The nation's legal system, "which overly protects the rights of criminals," must be transformed to combat crime.

Mr. Reagan used his speech to hail the achievements of his first year in cutting federal spending, eliminating federal regulations, attacking government waste and fraud, and strengthening defense.

"Together, we have made a new beginning, but we have only begun," the president told Congress.

"The record is clear, and I believe history will remember this as an era of American renewal; re-

member this administration as an administration of change; and remember this Congress as a Congress of destiny."

It was a speech in which Mr. Reagan never had to go against his instincts. He reiterated his belief in the program he put in place last year and went on to call for his long-cherished idea of government realignment.

He rejected any "quick fix" course correction in the face of huge estimated deficits for this year and 1983 and 1984 — estimates that brought calls for remedial action from his senior advisers. Instead, the president told the nation to "summon the strength to continue on the course we have charted."

The president went on to promise budget deficits far lower than the \$100 billion to \$150 billion estimated by others.

He said that the economic forecasts he will submit to Congress on Feb. 8 will show a 1982 deficit of less than \$100 billion and declining deficits in the following years.

"Higher taxes would mean lower deficits," Mr. Reagan said. "If they did, how would we explain that tax revenues more than doubled since 1976, yet in the same six-year period we ran the largest series of deficits in our history?"

He said that he will call for savings in benefit programs totaling \$65 billion over four years without affecting Social Security, and he strongly rejected charges that his spending cuts jeopardize the poor.

"Contrary to some of the wild charges you may have heard, this administration has not and will not turn its back on America's elderly or America's poor," the president said. "I am confident that the economic program we have put into operation will protect the needy while it triggers a recovery that will benefit all Americans."

Details of his proposed remedy remain to be worked out with Congress and state and local officials, he said, but he described it as the return of about \$47 billion in programs to state and local government "together with the means to finance them and a transition period of nearly 10 years to avoid unnecessary disruption."

S. Africa and Black States Report Progress on West's Namibia Plan

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — The first step in a Western plan to free South-West Africa from South African rule has reportedly received a "positive" response from South Africa and qualified approval from eight black-ruled African countries involved in the talks.

An African diplomat said that the black-ruled nations had accepted the main aspects of the Western proposals for constitutional guidelines for the territory, also known as Namibia, but objected to the proposed voting arrangements for an assembly that would write the constitution.

In Cape Town, South African officials described their government's response as "positive" and said they regarded the first phase of the plan as completed. No details were given, however, and there was no indication from diplomatic sources as to whether any qualifications or conditions had been attached.

It appeared that, in view of the objection raised by the black-ruled nations, further delay was in prospect for the attempt made for nearly five years by the United States, Britain, France, West Germany and Canada to bring about the independence of the disputed territory.

African diplomats here, however, indicated that they were willing

to negotiate the voting system and that this would not be an insuperable obstacle to acceptance of the first phase.

Agreement on the next step — determining the size and makeup of United Nations forces that would patrol a demilitarized zone along the border between Namibia and Angola — is widely regarded as far more difficult.

It would also involve devising some means of overcoming South Africa's contention that the United Nations, which would supervise the elections, is biased in favor of the guerrillas of the South-West Africa Peoples Organization, which has been fighting for the territory's independence.

The five Western nations' first-phase proposal would lay down the broad principles, including a bill of rights, to govern the constitution for an independent Namibia. There appears to be little controversy over this.

Voting System Criticized

The document also provides that half the delegates to a constitutional assembly should be chosen by proportional representation and half from single-member constituencies. It is this feature that has drawn criticism from the black-ruled African countries and the guerrilla group.

Under the proposal, each voter would vote separately for a party and for a candidate in a geographic constituency.

Black African officials urge that either one system or the other be adopted, and they say they prefer proportional representation.

The guerrilla group's supporters are concentrated in the north, among the Ovambo tribe. A constitutional system would increase the representation of their rivals, the Democratic Turnhalle Alliance, a grouping favored by South Africa.

The black-ruled nations involved in the talks are the so-called "front-line" states — Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe — and Nigeria and Kenya. They met Saturday in Zambia's capital of Lusaka to shape their position.

In preparation for the second phase, South Africa's foreign minister, R.F. Botha, has begun bolstering his government's charge of UN bias in favor of the guerrilla group.

He has done so in public letters attacking the United Nations' new secretary-general, Javier Pérez de Cuellar. After the secretary-general denounced South Africa's apartheid system, Mr. Botha wrote that Mr. Pérez de Cuellar had "demonstrated his inability to act in a just and unbiased manner."

If and when the second phase is accepted by both sides, a date would be set for a cease-fire between the guerrillas and South Africa.

Democrats Respond To Talk by Attacking Reagan Fiscal Policy

WASHINGTON — The Democrats have issued their own state of the union message, a gloomy statement emphasizing unemployment and Reagan administration cuts in social welfare programs and attacking President Reagan's policies as favoring the rich over the poor and middle class.

The program, shown Tuesday night after Mr. Reagan's State of the Union address, included criticism from a wide range of Democrats.

On Wednesday, Republicans joined Democrats in saying that Mr. Reagan's proposal should not be allowed to divert national attention from pressing economic problems.

Senate Majority Leader Howard H. Baker Jr., Republican of Tennessee, called Mr. Reagan's plan to transfer more than 40 programs to the states "a brave courageous statement" that could be approved by Congress this year.

But Sen. Mark O. Hatfield, an Oregon Republican who is chairman of the Appropriations Committee, cautioned: "His success in achieving this remarkable program... will ultimately hinge on an economic rebirth in the coming year. The looming specter of increasing federal deficits and high interest rates simply cannot be ignored."

And Senate Finance Chairman Robert J. Dole, the Kansas Republican whose appeal for an increase in excise taxes to trim the deficit went unheeded by Mr. Reagan, warned that the transfer plan could "produce some pitfalls."

Federal deficits of just under \$100 billion, the figure cited by Mr. Reagan in his address, "are not economically acceptable," Sen. Dole added.

Democrats' Criticisms

Democratic criticism was harsher. Senate Minority Leader Robert C. Byrd of West Virginia said, "I don't believe Democrats or Republicans will want to stand still while our economy continues to deteriorate."

The Democrats' response Tuesday night was made in a 28-minute television program sponsored by Democratic congressional campaign committees and the Democratic National Committee.

It cited a new poll, commissioned by the Democratic Party, that found that 57 percent of the Americans surveyed believe that

"things have gotten pretty seriously off on the wrong track," and that 48 percent of them say they think "Ronald Reagan does not really care about people like me."

The program included interviews with citizens in various cities. "The oil companies and the big corporations get all the tax breaks," complained an elderly woman on Social Security in Washington. A man looking for a job in Detroit said, "I've seen people go into garbage cans and pick out food. This is getting worse than the Depression."

California Gov. Edmund G. Brown Jr. was featured prominently, noting that he had been taught to "pray for the most forgotten souls in purgatory. Their number has grown. We should put a safety net under those people so they get some piece of the American dream."

Sen. James R. Sasser and Rep. Albert A. Gore Jr., both Democrats of Tennessee, were shown standing in an empty field with a group of real estate agents, complaining about high interest rates and the inability of average citizens to buy a home.

New Deal Ideas Revived

Although the film offered no specific programs, Democratic senators were shown discussing various ideas, some of which dated from the New Deal. They included government help for homeowners, farmers and small businesses to avoid mortgage foreclosures, revival of the Reconstruction Finance Corp. to help ailing industries, extension of unemployment benefits, an income policy involving wage and price restraints and credit allocations.

While ruling out what he called the big spending programs of the past, Alan Cranston, the California who is assistant Democratic leader in the Senate, said, "Some of the cures [of the New Deal] worked when there was a depression, and this looks more and more like a depression."

"Things are tough out there and there has to be some strong action," said Sen. J. Bennett Johnston, a Democrat of Louisiana and one of several moderate-to-conservative Democrats to join liberals in endorsing a new look at the earlier Democratic approaches.

"Most Democrats felt he [Mr. Reagan] was entitled to his chance to see how his program would work out. It hasn't worked out."

Reagan Seeks Change In Business Tax Rules

By Thomas B. Edsall

WASHINGTON Post Service

WASHINGTON — While saying that he plans no tax increases to reduce the budget, President Reagan has outlined a set of business tax changes designed to raise a total of \$24 billion in fiscal 1983 and 1984.

Along with renewing a call for the closing of a limited number of tax loopholes, the administration will propose a minimum corporate tax designed to raise \$2.5 billion in 1983 and \$4.5 billion in 1984, according to sources.

In addition, the administration is known to be on the verge of calling for the withholding of 5 percent of all interest and dividend income in an effort to bring into the Treasury more than \$1 billion that escapes taxation annually.

"I will seek no tax increases this year, and I have no intention of retreating from our basic program

of tax relief," the president said Tuesday in his State of the Union address. He described the closing of the tax loopholes as "eliminating ineffective subsidies for businesses" and the expanded corporate minimum tax as a proposal to "strengthen the law which requires all large corporations to pay a minimum tax."

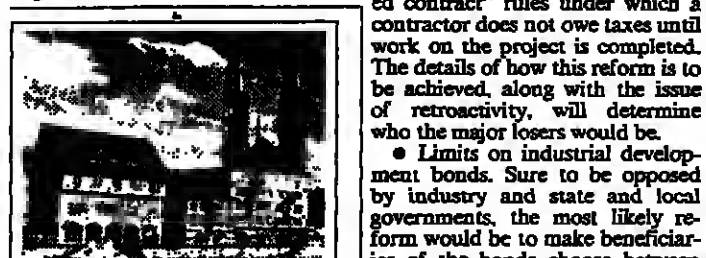
Left off the list, although it was not clear that it had been dropped, was an administration suggestion made last September to lower the amount of income unemployed persons can receive without paying taxes.

The tax proposals were reported to include:

- A corporate minimum tax. Under this proposal, corporations, when calculating their tax liability, would be required to use both normal methods and a second system. Under the second system, the corporation would add back to its adjusted gross income certain tax preferences and then take specified exemptions. The corporation would then be required to pay the higher of the figures produced by the two systems.
- Restrictions on the "completed contract" rules under which a contractor does not owe taxes until work on the project is completed. The details of how this reform is to be achieved, along with the issue of retroactivity, will determine who the major losers would be.
- Limits on industrial development bonds. Sure to be opposed by industry and state and local governments, the most likely reform would be to make beneficiaries of the bonds choose between the tax benefits to the bond or the new depreciation schedule in the 1981 tax bill, instead of taking both in what tax lawyers call "double dipping."
- An end to a tax loophole under which life insurance companies, particularly mutual funds, lessen their tax burden by "co-insuring" clients with subsidiaries or other companies.

Bomb Damages Paris Bank

PARIS — A bomb exploded in a bank in central Paris Tuesday night, causing damage to the building but no casualties.



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President Reagan before his address. With him are Senate Majority Leader Howard H. Baker Jr., a Tennessee Republican, right, House Majority Leader Jim Wright, a Texas Democrat, and Rep. Margaret M. Heckler, a Massachusetts Republican.

Reagan Budget Lifts Projections for Deficits

By Edward Cowan

WASHINGTON Post Service

WASHINGTON — Insisting that "raising taxes won't balance the budget," President Reagan has outlined to Congress a fiscal policy that would produce larger budget deficits in the next two years than his advisers had recommended.

With the deficit for the fiscal year 1982 projected by the administration at roughly \$95 billion, Treasury Secretary Donald T. Regan said the deficit would come down by \$10 billion in the fiscal year 1983, which begins Oct. 1, and by a similar amount in 1984. Mr. Regan and other advisers had recommended that the president ask for increases in federal excise taxes as part of a strategy to achieve deficits of about \$75 billion in 1983 and \$55 billion in 1984.

Mr. Regan was asked in an interview Tuesday night how he thought the financial community would react. "My guess is that the difference in the deficits" to be projected in the president's 1983 budget on Feb. 8 and the lower figures that might have resulted from tax increases "would not be so great as to make this a real market event," he said.

The president in his State of the Union Message and the White House in a "fact sheet" emphasized two points about the budget deficit: that it would be declining year by year and that it would represent a smaller percentage of the total economy, or gross national product, than did the record \$66-billion deficit of 1976, under an-

other Republican president, Gerald R. Ford.

Despite the president's sweeping expression of distaste for increasing taxes, a theme that goes back to the 1980 campaign, the White House "fact sheet" did make two limited proposals for raising additional revenues.

One was to renew Mr. Regan's request of Sept. 24 to close "loopholes" in some parts of the tax code that affect corporations. The second proposal was to strengthen the present minimum corporate tax to make sure, the White House said, "that all larger, economically profitable corporations pay a minimum share of federal taxes."

Secretary Regan said the broad-based corporate minimum tax would raise less than \$3 billion in the 1983 fiscal year, \$4.5 billion or so in the fiscal year 1984 and \$5 billion a year thereafter.

Neither Mr. Regan nor Murray L. Weidenbaum, the chairman of the Council of Economic Advisers, would disclose exactly what deficits for 1983 and 1984 would be projected in the president's budget on Feb. 8. But Mr. Regan's comment of declines of roughly \$10 billion a year pointed to a 1983 deficit of \$80 billion to \$90 billion and one for 1984 in the \$70 billion-plus range, an interpretation he did not dispute.

The White House estimated that the "loophole" closing would produce revenues of \$24 billion in 1983-84, a trifle more than the revenue forecast of Sept. 24.

Mr. Regan gave a private briefing Tuesday afternoon to several

financial and business executives at the White House. They included Walter B. Wriston, chairman of Citicorp; Theodore Brophy, chairman of General Telephone and Electronics; James T. Lynn, the budget director under President Ford; and Alan Greenspan, Mr. Ford's chief economic adviser and a frequent consultant to the Reagan White House.

Afterward, Mr. Greenspan, who has emphasized the importance of shrinking the deficit as the way to bring down interest rates and en-

courage investment, was asked if he thought the prospective deficit path was satisfactory.

"It's coming in a good deal lower than I originally feared," he replied, "and lower than the markets themselves had feared."

Asked if the deficits would be higher than the levels recommended by the president's economic advisers, Mr. Greenspan answered: "They always are. However, they are too low and are likely to remain below what the markets have been assuming."

Warsaw Charges U.S. Forms Defector Group

The Associated Press

WARSAW — The Polish press agency PAF claimed Wednesday that U.S. intelligence experts are forming a group of Polish defectors near Washington in preparation for an anti-Polish propaganda campaign.

The agency, in a dispatch from Washington, said that the campaign included a "mammoth anti-Polish television program to be broadcast worldwide, except for the United States."

The show, "Let Poland Be Poland," is to be beamed Sunday around the world by satellite. It was produced by the U.S. government, and features President Reagan, Prime Minister Margaret Thatcher of Britain and other world leaders, as well as celebrities like Frank Sinatra.

Ministerial Protest

[Polish] Justice Minister Sylwester Zawadzki has tried unsuccessfully to resign in protest against attempts by the martial law authorities to impose orders on courts, Reuters reported from Warsaw, quoting well informed sources.

[The sources said that the minister had complained about specific instructions to the courts under summary justice procedures to impose the sentences demanded by

state prosecutors. Warsaw courts have been lenient on martial law strikers, in some cases acquitting strikers for whom the prosecution had demanded long jail terms.

[The sources said that the minister submitted his resignation to Gen. Henryk Kozłowski, the military commander who has been in effective control at the Justice Ministry since the imposition of martial law Dec. 13, but it was not accepted, Reuters reported.]

In its dispatch from Washington, the press agency said, "Polish defectors are reportedly being grouped in a high-security center organized in the state of Virginia under the auspices of the CIA and FBI."

The news agency claimed that two former Polish diplomats were being "interrogated" there. The diplomats are Romuald Spasowski, who was ambassador to the United States, and Zdzisław Rurawski, who was the envoy to Japan. Both defected to the United States after martial law was imposed.

In addition, the PAF report said that "various other defectors who, due to their former jobs held in Poland, might be of any value to the American intelligence and propaganda are being brought in."

Witnesses told of how women and children knelt before 11 tanks approaching from two different directions and were scattered by tear gas.

Solidarity reports maintain that two policemen were killed when iron bars pierced their helmets and two others died under metal debris tossed down from the roof of a building. The miners were shot by machine-gun fire. Seven died instantly and an eighth apparently died later in the hospital. About 40 miners and 40 policemen were injured.

One leaflet circulating in Katowice says: "Brothers and sisters, our individual resistance brings no effect. Wait for the right time."

It is signed by the "Council of Salvation of the Workers Movement in Hiding, Solidarity."

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id six weeks after it occurred. Witnesses told of how women and children knelt before 11 tanks approaching from two different directions and were scattered by tear gas.

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Mitterrand, Assailed On the Right and Left, Defends Soviet Gas Deal

PARIS — Brushing aside criticism from the left and the right, French President François Mitterrand Wednesday strongly defended France's natural gas contract with the Soviet Union.

"France is on a road from which no one will make it deviate; that of the construction of an independent policy guaranteeing its security and a condition of its action for support that the French people have demonstrated for the Polish independent labor union, Solidarity."

Mr. Mitterrand said that Prime Minister Pierre Mauroy will explain France's position on the gas contract in a statement Thursday to the National Assembly.

Conservative forces and members of Mr. Mitterrand's Socialist Party have criticized the government for the 25-year contract with the Soviet Union that was signed Saturday in Paris.

The critics contend that the agreement with the Soviet Union is contrary to the government's condemnation of the Dec. 13 military crackdown in Poland and to the support that the French people have demonstrated for the Polish independent labor union, Solidarity.

The agreement was the first major contract between a Western country and the Soviet Union since martial law was imposed in Poland and since President Reagan imposed trade sanctions against the Soviet Union.

Mr. Mitterrand's administration has contended that it is opposed to such sanctions because the Soviet Union has not directly intervened in Poland.

Under the new contract, France will buy 8 billion cubic meters (282 billion cubic feet) of natural gas from Siberia each year beginning in 1984, if the pipeline from Siberia to Western Europe is completed by that time.

France was the third European country to sign a natural gas contract with the Soviet Union. West Germany and Italy concluded similar agreements last fall, before the

imposition of martial law in Poland.

During the Cabinet meeting Wednesday, Mr. Bérégovoy said that Mr. Mitterrand referred to France's absolute right to an independent foreign policy.

"The independence of the security of France rests on its ability to control its economy as much as on its own defense effort, on the respect of its alliances and on the organization of collective security in Europe," Mr. Bérégovoy quoted the president as saying.

The United States had urged the French government not to sign the contract because it would increase France's dependence on the Soviet bloc for its energy needs.

Under the contract, the Soviet Union will supply 30 percent of France's natural gas, twice as much as it currently supplies.

French officials, however, contend that imports of Soviet crude oil are expected to decline, so that overall French dependency on the Soviet Union for energy is not likely to change. France now imports 5 percent of its total energy needs from the Soviet Union.

Mr. Mitterrand received some unexpected support Wednesday from former conservative Prime Minister Raymond Barre, who noted that the contract negotiations began when he was in office.

"I respect the continuity of the state," Mr. Barre said. "I thus confirm my agreement with the decisions the government has taken."

Mr. Barre also said that only Algeria and Nigeria were capable of supplying similar quantities of natural gas to France.

"But above all, I reject the political-economic amalgams that some people make," the former prime minister said. "In the Polish crisis, hypocrisy is dominant."

Algerian Gas Talks Halted

PARIS (AP) — Representatives of the Algerian state oil and gas corporation Sonatrach broke off talks Tuesday with the French utility Gaz de France and flew to Algiers to consult with their government.

WORLD NEWS BRIEFS

Italians Arrest 5 Terrorist Suspects

United Press International

ROME — Police discovered four terrorist hideouts and arrested five persons in two days during the nationwide search for U.S. Army Brig. Gen. James L. Dozier, kidnapped Dec. 17 by the Red Brigades.

The widely scattered hideouts, all used by members of the Prima Linea (Front Line) organization that is closely aligned with the Red Brigades, and the five people arrested Tuesday, who also had Front Line links, had no direct connection with the Dozier kidnapping, police said.

The police successes stemmed from the capture of four Front Line terrorists who shot and killed two Carabinieri and wounded a Carabinieri sergeant major near the central city of Siena Thursday.

Meanwhile, police were studying a five-page communiqué issued Monday by the Red Brigades — the fifth issued since Gen. Dozier was kidnapped in Verona. The kidnappers also issued a photograph showing the general with a heavy growth of beard.

Iran Says Rebellion Crushed, 34 Die

The Associated Press

BEIRUT — The Iranian government claimed Wednesday that its forces quickly crushed a rebellion in the northern city of Amul, killing more than 34 rebels, Tehran Radio reported.

The radio said members of leftist urban guerrilla groups attacked strategic centers "and then started shooting madly in the streets at innocent people, killing several farmers and workers, including an 80-year-old man."

The radio did not specify which of the guerrilla groups was involved, but Amul is a traditional stronghold of the Mujahidin-e-Khalq group, which is spearheading a seven-month-old fight against the fundamentalist regime of Ayatollah Ruhollah Khomeini.

British Railroads Struck Again

United Press International

LONDON — British train engineers began another 2-day strike at midnight Wednesday, only hours after union members said they also would not work Sunday, Wednesday or Thursday of next week unless management grants them a 3-percent raise.

Officials of British Rail repeated their position that the pay increase can be had if striking engineers will agree to a flexible 39-hour work week or even to binding arbitration on the issue.

But the Associated Society of Locomotive Engineers and Firemen did not budge in its refusal, no negotiations were taking place and the 2 million people who daily ride the railroads in Britain faced the task of getting to their jobs without train service. This is the third week of strike action.

EEC Farm Price Proposal Reported

Reuters

BRUSSELS — The European Economic Community Commission proposed Wednesday an average increase of nearly 9 percent in the prices paid to the Common Market's 8 million farmers this year, EEC sources said.

The suggested increase under the EEC's system of guaranteeing prices for all major foodstuffs is the most generous yet proposed by the EEC executive body for several years, but it is likely to draw an angry response from the farmers, who are seeking a 16.3 percent rise, the sources said.

The commission's proposals signaled the start of what is expected to be months of negotiations between EEC governments on the increases, the sources said. The annual battle has been complicated this year by the failure of lengthy negotiations to overhaul the EEC budget.

Algerian Train Derailment Kills 130

The Associated Press

ALGIERS — At least 130 persons were killed and 146 injured Wednesday when a train derailed west of Algiers, the Algerian news agency reported.

The accident, 50 miles (80 kilometers) from Algiers, was the nation's worst rail disaster in 20 years.

In New Delhi, the United News of India reported that the collision of two trains killed at least 63 persons and injured 50. The trains crashed head-on in thick fog at Agra, 124 miles south of New Delhi.

Turkey May Quit Council of Europe

Reuters

STRASBOURG, France — Turkey may withdraw from the Council of Europe if a motion on human rights is passed, council sources said Wednesday.

The motion, which was to be considered by the 21-nation council's parliamentary assembly Wednesday and Thursday, calls for the council's Human Rights Commission to investigate allegations of human rights violations under the military rule of Gen. Kenan Evren. Council sources said the motion did not call for Turkey's expulsion but was likely to enrage Turkish leaders so much that they would withdraw, as Greece did in 1969.

The motion also calls on Turkey to ensure the right of fair trials before independent courts, allow International Red Cross delegates to inspect Turkish prisons and abolish laws restricting free expression, trade unions and political activity.

Westmoreland Denies Suppressing Reports

By Charles Mohr
New York Times Service

WASHINGTON — Gen. William C. Westmoreland and a number of his associates during the Vietnam war have indignantly denied the suggestion in a television documentary that there had been a "conspiracy" to alter and suppress intelligence on the size and strength of enemy forces.

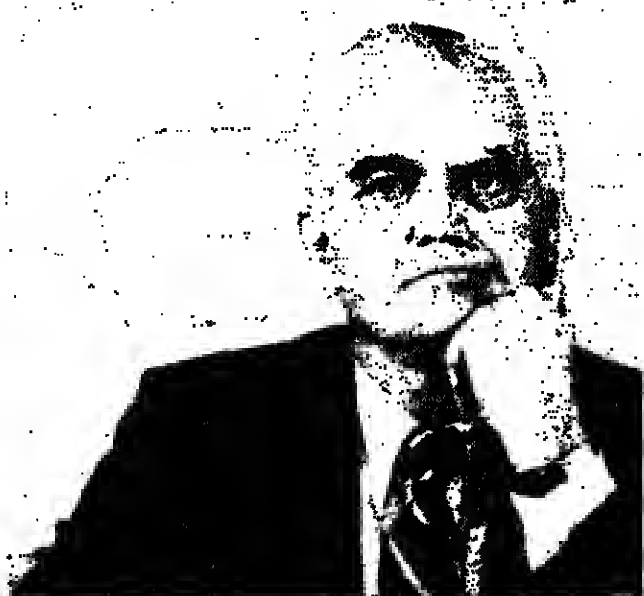
But, during a lengthy news conference Tuesday morning, the retired officers confirmed at least some of the factual assertions made during the CBS broadcast by other retired military and civilian officials about a dispute in 1967 on the subject of Vietnamese Communist force estimates.

Gen. Westmoreland, who commanded U.S. forces in Vietnam from 1964 to mid-1968, was strongly critical of CBS correspondent Mike Wallace, asserting that he had been "subjected to a vicious, scurrilous and premeditated attack on my character and personal integrity." The 90-minute program was broadcast Saturday night and entitled "The Uncounted Enemy: A Vietnam Deception."

In a statement, CBS News said that Tuesday morning's news conference did not persuade the network that the program had been "inaccurate or unfair" in its reporting or conclusions, and that assertions that there had been impropriety in the preparation and editing of the broadcast were "totally unfounded."

In a show of solidarity, Gen. Westmoreland was joined Tuesday morning by Ellsworth Bunker, a former ambassador to Vietnam; retired Air Force Lt. Gen. Daniel O. Graham, who had served as a colonel on the intelligence staff in Vietnam; Lt. Gen. Philip Davidson, one of the chief intelligence officers in Saigon during the war; and George Carver, a former head of a CIA task force on Vietnam.

The group, gathered at the Army-Navy Club, also disputed the assertion that estimates of a sharp increase of infiltration by regular North Vietnamese troops had been blocked or had validity. However, it appeared from some of the comments that officers working from prisoner interrogations and documents had argued for higher figures.



Gen. Westmoreland at a news conference after CBS show alleging that he suppressed data on Viet Cong forces.

Philadelphia Bulletin to Close Due to Losses

The Associated Press

PHILADELPHIA — The Bulletin, once the largest afternoon newspaper in the United States, announced Wednesday that it would cease publication after Friday's edition because of heavy losses.

The publisher, N.S. (Buddy) Hayden and the executive editor, Craig Ammerman, made the announcement in a newsroom crowded with more than 300 of the Bulletin's 1,700 employees. "This will be the last meeting of the staff," Mr. Hayden said quietly before reading a prepared statement.

The 134-year-old Bulletin becomes the third big-city daily in the country to close in six months, and its demise leaves the nation's fourth-largest city with only one newspaper owner, Knight-Ridder Newspapers, which publishes the morning Inquirer and the afternoon Daily News.

The Bulletin, which publishes morning, afternoon and Sunday editions, announced the closing after efforts to find a buyer failed. "We received a broad range of inquiries," said J.P. Smith Jr., president of the Charter Co. subsidiary that owns The Bulletin, but "each investor deemed the risks of loss to be too high and declined to proceed." Charter, a Jacksonville, Fla.-based conglomerate in oil, insurance and communications, became sole owner of the newspaper a year ago.

"We negotiated with four separate groups of people. Those negotiations wound up last night," Mr. Ammerman said. None was identified.

Minutes after the announcement, additional security guards entered the two-block-long Bulletin building in West Philadelphia.

"They are here to protect the property," said Mr. Hayden. "It is valuable, and it is up for sale."

Sam S. McKel, president of the Knight-Ridder subsidiary that owns the Inquirer and Daily News, said that "The Bulletin has become the latest victim of changing market forces and changing lifestyles."

Mr. McKel said the closing imposes "new obligations" on the Inquirer and Daily News. "We have extensive plans to enlarge the staffs to provide broader and more widespread news coverage and features," he said. "More columns of space will be added to accommodate the increased content."

The Bulletin began as the Cummings Telegraphic Evening Bulletin, four pages for 2 cents on April 12, 1847. Alexander Cummings, a magazine publisher, said the newspaper would use a new invention, the telegraph, to gather news.

Motto Rang True

At the newspaper's height in the late 1940s, the motto "nearly everybody reads The Bulletin" rang true as the newspaper led the country's afternoon dailies with a circulation of more than 700,000.

Charter had tried to stem The Bulletin's losses last August, winning concessions from employees, including layoffs, totaling more than \$6.5 million.

But Mr. Smith said the loss from Sept. 1 to the end of 1981 reached \$7 million, compared to the goal of a \$3.9 million deficit, and that for January the loss is expected to total \$3 million.

"It is estimated that The Bulletin had an operating loss of \$21.5 million in 1981, compared with a loss in 1980 of \$13.4 million," Mr. Smith's statement said.

The Washington Star, an afternoon daily, closed Aug. 7, leaving the morning Washington Post as the only daily newspaper in the nation's capital.

The Philadelphia Journal, a morning tabloid, folded Dec. 16. In New York, the afternoon edition of the Daily News closed Aug. 28, and on Dec. 18 the newspaper's owner, Tribune Co. of Chicago, announced that the morning Daily News was for sale.

The Bulletin's daily circulation as of last Sept. 30 was 397,397, compared with 434,105 a year earlier, according to the Audit Bureau of Circulations. For the same period, the Inquirer reported daily circulation of 423,746, down from 425,746 in September, 1980.

Faced by competition from television and suburban newspapers and the decline of metropolitan afternoon dailies, The Bulletin added a morning edition in 1978.

When the plan to sell was announced, Mr. Ammerman told the newsroom staff that Charter had "simply decided it will not continue to fund the losses of this newspaper."

Mr. Mitterrand conferred Tuesday with Saudi ambassador Jamil Hagejlan to ally the diplomat's anger over remarks made in a radio interview Sunday by the president's diplomatic adviser, Jacques Attali. Defending the natural gas deal with the Soviet Union after the Polish crisis, Mr. Attali asked, in a clear reference to Saudi Arabia, whether France should stop buying oil from a country that punishes thieves by cutting off their hands.

Mr. Hagejlan said after the meeting with Mr. Mitterrand, "I am sure that bilateral relations between France and Saudi Arabia are too solid to be upset by this passing but regrettable incident."

France Resolves Saudi Incident

United Press International

PARIS — Relations between France and Saudi Arabia were back to normal Wednesday after a diplomatic incident over what Riyadh considered an insulting remark by a top aide of President François Mitterrand.

Mr. Mitterrand conferred Tuesday with Saudi ambassador Jamil Hagejlan to ally the diplomat's anger over remarks made in a radio interview Sunday by the president's diplomatic adviser, Jacques Attali. Defending the natural gas deal with the Soviet Union after the Polish crisis, Mr. Attali asked, in a clear reference to Saudi Arabia, whether France should stop buying oil from a country that punishes thieves by cutting off their hands.

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France Resolves Saudi Incident

Reagan Seeking Air Transports, Toxic Arms

By Richard Halloran
New York Times Service

WASHINGTON — President Reagan has approved a plan to double the military budget for long-range air transports and to go ahead with a costly program to produce new chemical weapons, according to administration officials.

A senior Air Force general said that the administration would request \$11 billion over the next five years to buy 50 Lockheed C-5 Galaxies, the world's largest cargo planes, and 44 McDonnell Douglas KC-10s, which can serve either as cargo planes or tankers.

At the same time, other administration officials said that the president would notify Congress within a few weeks of his plans to order production of chemical shells and bombs in a program estimated to cost \$6 billion over the next five years.

Budgetary Implications

Congress, which must vote on both plans, seems likely to approve the air transports, although the high price will undoubtedly raise objections. The chemical weapons proposal, however, has already drawn stiff opposition and seems certain to arouse more from opponents who contend that it would inflame anti-American sentiment in Western Europe, where the weapons will be used if a war starts.

The budgetary implications of the two decisions were not immediately clear. It could not be determined whether the programs had already been included in the military spending projections, whether they would be financed by taking money from other military programs or whether they would add to the projected budget.

Although the two decisions moved on separate tracks, they were loosely connected. The air transports are intended to move tanks, helicopters, armored troop carriers and artillery, including chemical shells, to Europe to reinforce U.S. troops there, or to the region around the Gulf to support the Rapid Deployment Force. The chemical weapons, intended for use in massed land combat, would be stored in the United States but would need air transport to be rushed to Europe in the event of hostilities.

Lt. Gen. Kelly H. Burke, who is in charge of weapons development and acquisition for the Air Force, said at a briefing that the administration, Congress and the military services agreed the nation was painfully lacking in long-range air-lift capacity.

To overcome that, he said, the Air Force has made several recommendations, including the development of a new transport craft known as the McDonnell Douglas C-17. It would have had better military capabilities than the C-5 but would have taken about 18 months longer to build.

Gen. Burke said that the C-17 program was based on a budget of \$5.5 billion. But Defense Secretary Caspar W. Weinberger and Deputy Secretary Frank C. Carlucci told the Air Force to lift the budget ceiling and find a way to produce more air-lift capacity sooner.

After re-examining the issue, the general said, the Air Force concluded that it could double this capacity by 1989 with the new fleet of C-5s and KC-10s. This would be about three years sooner than with the C-17s because no research and development was needed, the production facilities already existed, crews were trained and logistic systems were in place. The Air Force has 77 C-5s and six KC-10s on hand, with 10 more KC-10s on order.

Also contributing to the expansion of the military airlift, Gen. Burke said, was a \$1.5-billion program to build new wings for existing C-5s to extend their flying lives.

On the issue of chemical weapons, the president was said to be ready to notify Congress, as required by law, that he intended to order production of the weapons and would ask Congress for the funds to pay for them.

2 on Boston DC-10 Are Missing

The Associated Press

BOSTON — Two passengers from a World Airways DC-10 that slid off an icy runway into Boston Harbor during the weekend are missing and feared drowned, officials said. The officials had said after the crash Saturday night that no one had been killed.

Edward Ringo, senior vice president of the airline, was asked Tuesday if the bodies of the passengers, a father and son, were believed to be in the harbor. "It's pretty obvious," he replied.

Divers returned to the harbor to search for the bodies.

A passenger on the plane, Donald Welsh, said he was ignored when he tried to tell authorities he had seen someone disappear into the water. He said he saw someone struggling to stay afloat in the water on the left front side of the plane, minutes after the accident, but the person disappeared before he could offer assistance. He said he could not tell if it was a man or a woman.

3 Hospitalized

It had been believed that all 196 passengers and 12 crew members escaped serious injury when the plane slid off the runway at Logan International Airport. Three persons remained hospitalized Tuesday for minor injuries.

"Everything matches that there are two people missing," Mr. Ringo said. He identified them as Walter Metcalf, 70, and his son, Leo, about 40, of the Boston suburb of Dedham. They had boarded the plane in Newark, N.J.

Mr. Ringo said a computer check of tickets and the discovery of carry-on luggage showed two passengers unaccounted for, and a son and daughter of the elder Metcalf told state police at the airport they believed the pair had been on the plane.

A spokesman for the Massachusetts

Port Authority, which runs the airport, said the couple had contacted the airline repeatedly since Saturday night to report their brother and father were missing. He said they went to the state police after an airline representative told them in contact local police and file a missing persons report.

"Nobody was giving us any information," Audrey Metcalf said. She said World and other airlines provided no help in her search for her brother and father. "We found out through a personal friend that their names were on the manifest," she said.

Earlier Tuesday, U.S. investigators said the DC-10's pilot reported that two braking systems failed to slow the jet when it landed on the wet runway. It entered the harbor at 53 mph.

Robert Buckhorn, a National Transportation Safety Board spokesman, said the pilot told investigators the plane's spoilers did not activate during the landing. Spoilers are wing panels that are raised on landing to break the flow of air over the wing, thereby slowing the aircraft.

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AMSTERDAM

THE NETWORK OF THE BUSINESS WORLD

Researcher Links Loneliness to Heart Disease

Study of Japanese Men Finds the Socially Isolated Run Greater Risks

CHARLESTON, S.C. — Social isolation may be hazardous to the heart, according to scientists who say that single men without close friends run two or three times the risk of developing heart disease as their more sociable counterparts.

Social isolation may be as important a risk in the development of heart disease as cigarette smoking, high blood pressure and high cholesterol, according to Leonard Syme, a professor of epidemiology at the University of California at Berkeley.

Speaking Tuesday at a science writers' symposium sponsored by the American Heart Association, Mr. Syme said several other researchers also have found links between social behavior and heart disease.

He said his research began with an attempt to explain why Japanese who have moved to the United States seem to have much higher rates of heart disease than in Japan, even when they continue to eat the diet of their native country.

A study of 17,000 Japanese in Japan, Hawaii and San Francisco showed that those in Japan had the lowest rates of heart disease. Those in Hawaii had a higher rate and those

in San Francisco showed a still higher rate of heart disease.

That discovery could not be explained on the basis of changes in diet or differences in such factors as cigarette smoking, high blood pressure and levels of cholesterol in the blood, Mr. Syme said.

"Those in California who adopted Western ways had five times the heart disease of those who lived traditionally," Mr. Syme said. Because the traditional Japanese lifestyle is based on strong families and stable social relationships, Mr. Syme and his colleagues tried to discover whether those relationships somehow kept the incidence of heart disease down.

The researchers studied a randomly chosen group of 6,928 residents of Alameda County, just east of San Francisco, and found that people with no friends had two to three times the death rate of people with the most friends and social contact.

Further study with the Japanese group showed that isolation — as indicated by marital status, church attendance and group memberships — was closely associated with heart disease.

"At first, we thought the more people you

know, the better off you are," Mr. Syme said. The researchers found, however, that the important factor was not how many people an individual knows but rather that the person has some close relationships. Those with no close relationships at all seem to be the ones who are most in danger of developing heart disease — and other diseases, Mr. Syme said.

The researchers also found that it was not important whether a person felt lonely or isolated, or whether a socially active person was pleased with his relationships — it was only important that he or she had them.

"It seems to be important that you're married — it doesn't seem to matter how happy you are about it," Mr. Syme said.

Mr. Syme said the discoveries linking isolation and heart disease seem to apply only to men — social contact does not seem to be as important for women in lowering their chances of having heart attacks.

Mr. Syme and his colleagues are puzzled by their findings. Although he speculated that the lack of interaction somehow weakens the body's resistance to disease, Mr. Syme said he had no good explanation for the finding.

Israel Is Said to Warn Of Military Response If Egypt Breaks Pact

By David K. Shipler

JERUSALEM — Israel's defense minister, Ariel Sharon, has reportedly made it clear to the United States and Egypt that any Egyptian violation of the demilitarized status of Sinai after Israel's withdrawal in April would trigger an Israeli military move into the peninsula.

In his recent talks with Secretary of State Alexander M. Haig Jr. and Egyptian officials in Cairo, Mr. Sharon, a former general who fought in the Sinai, is said to have stopped short of threatening all-out war in such an instance.

But he is understood to have explained that Israel would not be satisfied with diplomatic protests if Egyptian troops or tanks moved across the Suez Canal; in that event, Israeli military forces would be sent into the Sinai in the hope that Egypt could be induced to withdraw before warfare erupted.

According to several Israeli officials, Mr. Sharon's purpose in drawing this "red line" was to emphasize Israel's reliance on the demilitarization of Sinai as a concrete concession that Egypt has made for the return of the peninsula, which was first captured by Israel in the 1956 war, then relinquished and recaptured in 1967.

"Deep, Deep Anxiety"

"There is a deep, deep anxiety, especially in military circles here, that if the peace treaty goes sour, one of the things that can happen is Egyptian troop movements into Sinai," an official said. "Sinai's demilitarization is one of the most important points of the peace, one of the most concrete things that Sinai will be empty of troops. Otherwise, all we have is a contract."

Under annex one of the peace treaty, signed in March, 1979, the Sinai is to be divided into three zones, each with limits on Egyptian military and police presence.

In Zone A, a band about 35 miles (53 kilometers) wide, east of the canal and the Gulf of Suez, Egypt is restricted to one mechanized infantry division, including three mechanized infantry brigades, one armored brigade, seven field artillery battalions and up to 126 artillery pieces, 230 tanks, seven anti-aircraft battalions with surface-to-air missiles, 126 anti-aircraft guns and 480 armored personnel vehicles. A ceiling of 22,000 personnel is set in this area.

Zone B, a wide band down the peninsula's center, is restricted to Egyptian border units of four battalions with light weapons and wheeled, not tracked, vehicles. A

maximum of 4,000 personnel is permitted.

Zone C, along the Israeli border, is to be open to Egyptian civilian police and the multinational peacekeeping force. No Egyptian military is permitted, and the two Israeli-built air bases in it are to be used only by civilian aircraft.

Assassination Problem

The emphasis placed by Mr. Sharon on these limits reflects the rising anxiety in Israel as it approaches the April 25 date for relinquishing the remaining one-third of the Sinai.

After President Anwar Sadat's assassination and amid protests by militant Jewish settlers who want to hold the Sinai, acute nervousness is being expressed, even among government officials, about Egypt's ultimate intentions following the April withdrawal.

In addition, officials are anxious that Washington understand the limits of Israeli tolerance of any Egyptian infractions, since the United States is seen as the guarantor of the treaty.

Prime Minister Menachem Begin, Mr. Sharon and other officials have said repeatedly that Israel will keep its commitment to withdraw. But lesser figures in the government are urging a review of the pledge. Rabbi Haim Druckman, deputy minister of religious affairs and a member of the National Religious Party, is now in the United States, leading a group campaigning against the withdrawal.

The opponents' main argument is that Egypt cannot be trusted, and the settlers' resistance is expected to make their evacuation disorderly, perhaps violent. Some believe they must put up a show of fierce resistance to make the pull-back appear to the world as a painful, traumatic step for Israel, a way of demonstrating how difficult it would be for a similar withdrawal from the West Bank, for example.

According to Israelis and Americans who have spoken recently with Egyptian officials, there is no evidence that Cairo is preparing to subvert the peace treaty.

On the contrary, President Hosni Mubarak has often expressed his commitment to its provisions, and analysts here tend to believe that if his government stays in power, there will be no immediate change. Egypt is militarily weak compared with Israel and would be no match for an Israeli assault.

Mr. Sharon said during his visit to Cairo last week that the atmosphere was excellent and that the peace process was on the right track.



Urho Kekkonen, former president of Finland, pats a child on the head during a recent walk in one of Helsinki's parks.

Koivisto Takes Office in Finland, Vows Good Relations With Russia

HELSINKI — Mauno Koivisto, 58, was sworn in Wednesday to become Finland's ninth president since it became independent in 1917.

In his speech after the ceremony, Mr. Koivisto said his central activity would be to "follow without any reservations the foreign policy line laid down by Presidents J.K. Paasikivi and Urho Kekkonen."

"The most important thing is that the neighborliness with the Soviet Union strengthen continuously, that Nordic cooperation develop from the traditional basis and that relations to all nations remain good," he said.

Mr. Kekkonen, 81, did not take part in the ceremonies at the Parliament house. He was forced from the office because of illness last October after more than 25 years as president.

"I want with all my heart, and on behalf of the nation to thank my predecessor, President Urho Kekkonen for the great work he has done for our fatherland," Mr. Koivisto said. "For over a quarter of a century he has guided our nation with certainty and skill that has brought us security and integrity. Urho Kekkonen will stay in our history as a leader beyond comparison."

Mr. Koivisto, the Social Democratic Party candidate, won the election Tuesday in the first round ballot of electors.

FBI Retrieves 30 Indonesians Sold As Household Servants in California

LOS ANGELES — The FBI says it has rescued more than 30 Indonesians who were smuggled into the United States, sold as indentured servants for \$1,500 to \$3,000 and given only room and board for about two years' domestic work.

More than 100 FBI and Immigration and Naturalization agents searched homes and businesses in Los Angeles and Beverly Hills Tuesday to take the aliens, most of them in the 20s to mid-30s and "not well educated," said an agent in the Los Angeles bureau.

Authorities planned to interview the Indonesians, who worked as gardeners, housekeepers and maids, to determine whether they were abused and how they were smuggled into the country.

Terrorism and Politics Plague Spain A-Plant

By Harry Debelius

MADRID — A bomb exploded at the construction site of a nuclear power plant at Lemoz, near the northern city of Bilbao, in March of 1978, the first major attack carried out by the Marxist-Leninist Basque separatist organization ETA (Basque Homeland and Liberty). The explosion, which killed two workmen, was destined to make the power station one of the costliest in the world.

Four years later, the power company building the Lemoz complex, Iberduero, has had so many other installations blown up by ETA that its management was practically inevitable in the near future in the Basque Country, the area for which the company is the main supplier.

With \$1.53 billion already invested in the project, the owners face new administrative delays now that the Lemoz plant is nearing completion at last.

The Basque regional government, which is walking a tightrope between the kind of pro-independence sentiments that keep the secessionist ETA alive and the conservative policies of the region's ruling Basque Nationalist Party, at first fought and won a battle in the regional parliament in favor of the nuclear plant. Then, in an about-face, it yielded to pressure for a referendum on the matter.

The president of the Basque regional government, Carlos

Garaikoetxea, was convinced that, if given the chance, the majority of his people would approve putting the nuclear plant into operation, thus making it plain that the ETA, which claims to be carrying on a struggle for democratic rule, was working against the wishes of the Basque people.

But Spanish Premier Leopoldo Calvo Sotelo had ruled this out

months ago, when the question first came up. The premier's opinion was that any plan to subject major energy policy decisions to the referendum process was out of the question.

The government decided at a Cabinet meeting here Jan. 15 to turn down the request for a referendum and negotiations between the regional and national governments on the Lemoz question were scheduled to resume after being interrupted in December.

Apart from the direct investment at Lemoz, the amount which Iberduero has had to spend in order to build the power station has been enormous.

For most of last year, work was halted at Lemoz after the killing of the chief construction engineer, José María Ryan. Following that murder, it was a long time before the company could convince workers to get back on the job. ETA threatened to kill anyone who took Mr. Ryan's place. That delay reportedly cost the company \$337 million.

As 1981 ended, Lemoz was causing such a drain on the company that its board of directors rejected to the Basque government's referendum proposal with a public warning that further delays would oblige the company to make decisions "in the interest of the shareholders and employees." It was clear by that time that the Lemoz project would be a liability unless it could benefit from ample government intervention.

There was speculation that the company's warning meant that it was ready to cut its losses by sell-

ing out to the local or national government, which, in that case, would presumably open the plant if only to show defiance against the leftist guerrillas.

However, both the Madrid and the Basque governments are opposed to nationalization. So, whatever solution is worked out will undoubtedly respect Iberduero's ownership as much as possible.

A little over a year ago the minister of industry and energy, Ignacio Bayón said to a committee of the Cortes that a one-year delay in putting a 1,000-megawatt power station into operation would mean having to import 1.4 million more tons of oil. The Lemoz plant is designed to produce 1,860 megawatts.

One thing is certain: If Lemoz is delayed much longer, or if it becomes a total loss, the Basque Country and the rest of Spain will have to find the 1,860 megawatts somewhere else and soon. The

Sean Bourke, 47, Is Dead in Ireland; Helped Soviet Spy Escape London Jail

The Associated Press

LONDON — Sean Bourke, 47, the Irishman who helped a Soviet espionage agent escape from a London prison in 1966, was found dead Tuesday in his home in Killee, Ireland. The cause of death was not known.

While serving a seven-year sentence for sending a bomb through the mails, Mr. Bourke met Soviet agent George Blake. He engineered Mr. Blake's escape and both men fled to Moscow. Mr. Bourke returned to Ireland 18 months later and the Irish government refused to have him extradited to Britain. His book, "The Springing of George Blake," was made into a film.

Gen. Charles Frost Craig
ASHEVILLE, North Carolina (UPI) — Brig. Gen. Charles Frost Craig, 86, died Saturday. He was

serving as the commander of U.S. forces in Berlin whenCheckpoint Charlie, the last stop before entering East Berlin, was named after him.

Edwin B. Dooley
NEW YORK (UPI) — Edwin B. Dooley, 76, an All-American quarterback at Dartmouth who became chairman of the New York State Athletic Commission and a three-term Republican member of Congress starting in 1956, died Monday.

William Huber
MILLBRAE, Calif. (UPI) — William Huber, 78, winner in 1928 of the first Congressional Medal of Honor to be awarded in peacetime, died Monday. He was decorated for rescuing several men from the burning hold of a Navy destroyer in Norfolk Harbor, Va.



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The International Herald Tribune invites you to MEET THE NEW FRENCH ADMINISTRATION

February 8 and 9, 1982 in Paris

The election of François Mitterrand and the subsequent Socialist victory in the French parliamentary elections clearly mark an important turning point for the French economy. With the cooperation of the new Socialist government, the International Herald Tribune has organized a conference designed to help senior executives of foreign companies judge how the new administration's policies will affect their company's activities and investment in France.

Prime Minister Pierre Mauroy will open this meeting on "New French Economic Policies," to be held February 8 and 9 at the Intercontinental Hotel in Paris.

The program will include presentations by **Jacques Delors**, Finance Minister; **Michel Jobert**, Minister of Foreign Trade; **Michel Rocard**, Minister of Planning and Regional Development; **Nicole Questiaux**, Minister of Social Policy; **Pierre Dreyfus**, Minister of Industry; **Jean Auroux**, Minister of Labour; **André Chadenet**, Minister delegated to the Minister of Foreign Affairs, in charge of European Affairs; and **Laurent Fabius**, Minister delegated to the Finance Minister, in charge of the Budget, as well as **Jacques Attali**, Special Counsellor to the President; **Bernard Attali**, President of D.A.T.A.R., the French government's regional development agency; **Christian Goux**, Chairman of the Economic and Finance Committee of the National Assembly, and **Thierry de Menthon**, Director of the French Institute of Foreign Relations.

Additional insights on various aspects of doing business in France will be provided by **André Bergeron**, Secretary General of the "Force Ouvrière" trade union, by a panel of international bankers and by a panel of industrialists. The former will include **Hervé de Carnoy**, General Manager of the Midland Bank Ltd.; **Jean Deflassieux**, Director of International Affairs, Crédit Lyonnais, and **Edouard Veltin**, Advisor to the Board of Executive Directors, Bayerische Vereinsbank. The industrialists' panel, to be chaired by **David McGovern**, President of the American Chamber of Commerce in France, will include: **Rudolph Boniface**, Chairman of Ford France; **Jean Gandois**, Chairman of Rhône-Poulenc; **Jean-Luc Lagardère**, Chairman of Matra; **Bernard Lathière**, President of Airbus Industries, and **Yves Ragouneau**, President of Sony France.

Each presentation will be followed by a question and answer period, and simultaneous French-English translation will be provided at all times.

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Conference documentation will include a copy of the 1982 edition of the French Company Handbook, the only English language guide to French companies.

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Fees are payable in advance of the conference. Fees will be returned in full for any cancellation that is postmarked on or before January 22. After that date a cancellation fee of F.F. 1,000 will be incurred. Cancellations received by the organizers less than 5 days before the conference will be charged the full fee.

HOTEL REGISTRATION FORM

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The State of the Union

In his first State of the Union address, President Reagan proposed a fundamental shift in the division of responsibility between federal and state governments. The issue here is the degree of local and regional variation in its basic social and civic standards that the United States considers proper.

Mr. Reagan's plan appears to invite retrogression toward far wider inequities among states, with a massive withdrawal of federal authority and federal standards. He is correct in saying that the present webbing of rules drawn up in Washington, and the manifold conditions attached to the money sent from Washington, are sometimes inefficient and frequently annoying to state officials. But that is hardly the whole reality of the relationship, or even the greater part of it.

To form a balanced judgment on this dubious plan, it is useful to recall the United States of a generation ago and the enormous disparities tolerated then between the standards of social protection in the poor states and the rich ones — or the generous ones. Many of those disparities have been greatly mitigated over the past several decades. In some considerable part it is the result of the great mobility of the American population, and the national development of the economy. But one crucial part of the explanation is the many kinds of federal money sent into the states with many kinds of federal requirements for the services that it supported.

Mr. Reagan does not think that a reversion to the practices of the bad old days would be a danger. With reforms like reapportionment and the Voting Rights Act, he said, commu-

nity practices will genuinely represent community ideas of decency and good sense. In these matters, Mr. Reagan tends to think in terms of the very creditable example of California, which has been a leader among the states in its concern for its citizens.

But what about Texas, recently become quite rich and yet remaining remarkably mean in its treatment of the poor? Texas currently provides an indigent family of four the princely sum of \$140 a month to live on. If there is no longer to be any federal money in, say, food stamps, the federal government is going to have trouble enforcing any limits on a state's inclination to cut back on them.

The case for national standards is both practical and moral. It would be grotesque to invite those states with a tradition of social conscience to take disproportionate burdens of the nation's poverty as helpless people fled to them from the penury of the less generous.

There's a direct connection between poverty and bad health. Is it not strange to argue, as the Reagan plan does, that health programs are inherently a federal responsibility but poverty is not? It is also quite true that the resources of this country are not spread equally across the 50 states. Some have much greater capacity than others to support social welfare and education. It is not at all clear that this new definition of federalism will actually lead to any real simplification of government. It can save money only through a general decline of standards. It hardly seems to lead, however, toward anything like a more perfect union.

THE WASHINGTON POST.

Mikhail A. Suslov

Mikhail Suslov, the veteran Soviet politician who died (peacefully) on Monday at age 79, had, we suspect, a "dirty little secret." He was known as the Kremlin's chief ideologist, but this was a mask. He believed in power, the power of a self-appointed Communist Party elite. And why not? The party took him off the farm, educated him in its fashion, gave him work — he was hip-deep in the purges of the 1930s — gave him high office (the Central Committee from 1941, the Politburo from 1952) and then dignified as ideology the crude strictures he laid down to a succession of challengers of Kremlin orthodoxy: the Yugoslavs, the Chinese, Soviet dissidents, most recently the Poles.

Tall for a Russian, gaunt in visage, a familiar gray eminence hovering at the elbow of his better known peers for more than three decades, Mr. Suslov certainly looked the part of chief ideologist. But he was really something else: a diligent hatchet man, always ready to belabor the victim of the moment. He had to be something else for, by nearly universal account, ideology is a hollow force

in his country, an object of neglect and contempt. No one could have sustained a high-flying career like his if he were held responsible for popular belief.

What, then, did Mikhail Suslov believe? What beliefs do stir or at least bind the tiny handful of people who rule the Soviet Union in the name of Communist ideology?

The permutations of faith in power are, of course, considerable. But perhaps the shrewd and durable Mikhail Suslov had an extra edge.

In the multi-ethnic Soviet Union, he was one of the few Politburo members entirely of the politically dominant Great Russian strain. It began to be noticed a while back that he was invariably the first person on the reviewing stand to rise for the national anthem. For some years observers have seen the Kremlin shading in theme and symbol from a reliance on revolutionary ideology to a reliance on a traditional, muscular, illiberal, ethnocentric Russian nationalism. So much for the Kremlin's chief ideologist.

THE WASHINGTON POST.

Wasting Time

All day long, in game arcades and in front of the living room TV, millions of children fire off laser cannon till their trigger thumbs grow numb. Some play Defenders, Space Fury, Pac-Man and similar electronic games for hours on end. Time magazine estimates that in 1981, arcade players alone used up 75,000 man-years and 20 billion quarters. But their intensity is nothing compared with the mounting opposition. Moralists are on the march.

Say what you will about improving eye-hand coordination or learning about computers, no obvious benefit results from all those hours in front of the tube. The games are, in fact, addictive, as some fathers we know have discovered firsthand. But neither is there any obvious harm — which makes the opposition all the more worth pondering.

A New York woman, who is campaigning relentlessly for legal barriers, insists, "These games are corrupting our youth." Towns in New York, New Hampshire, California and Florida have passed ordinances to restrict teen-age use of the machines. The controversy over the lone law, passed by Mesquite, Tex., has worked its way clear up to the United States Supreme Court.

What is the electronic evil these crusaders fear? Gambling? There is none in the video games. Unwholesome surroundings? Implausible. Kids do not routinely go to pool halls to play, and as even critics complain, the

games are now found in every pizza parlor and theater lobby. A waste of money? More plausible, particularly when the machines swallow up the kids' lunch money.

But these objections may all be rationalizations. What bugs many parents even more than a waste of money is to see their children waste time.

That is not, however, a sin original to video games. Some of us can still tell you what S-H-A-Z-A-M stood for in Captain Marvel stories. (If you must know, Solomon, Hercules, Atlas, Zeus, Achilles and Mercury.) Our parents lectured us about wasting time reading comic books. Others can remember flipping baseball cards or dressing storybook dolls. They, too, have heard the refrain: "Why not read a good book instead of wasting all that time?"

The children of an earlier generation probably heard the same thing when found reading "Captain Billy's Whiz-Bang." The children of a later generation hear it when they sit transfixed by television soap operas.

However virtuous their intent, the critics seem slow to recognize that crusading against time wasters like video games is futile. There is one skill that children of every generation master, a skill that only adults describe as wasting time. With or without video games, wasting time is a part, a good part, of what childhood is all about.

THE NEW YORK TIMES.

Other Opinion

Rebirth of Euro-Communism

Polemical counterbombardment between Communists in Moscow and Communists in Rome has been so intense that any lingering doubts as to whether the split over Poland was for real must be settled forever. All this is interesting enough for students of Mos-

cow's relations with the rest of world Communism. More important in the medium term for European politics is whether this act of defiance toward Moscow will give a new lease of life to the concept of Euro-Communism as practiced in Italy.

—From the Guardian (London).

Jan. 28: From Our Pages of 75 and 50 Years Ago

1907: 'Salome' Episode

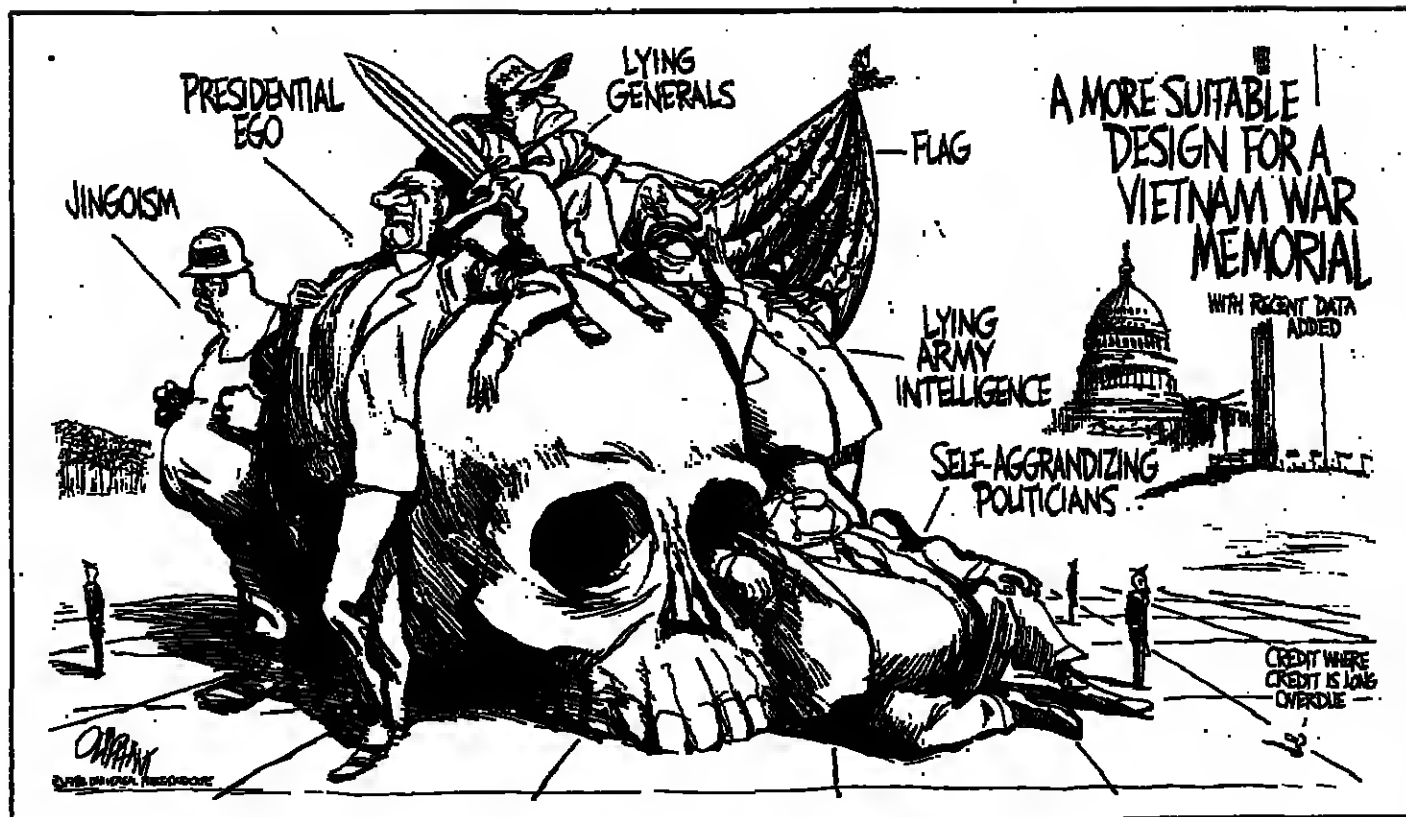
NEW YORK — Nothing in the fields of art or ethics has ever stirred this city as it has been stirred by the "Salome" episode — by the action of the Metropolitan Opera and Real Estate Company objecting to further performances of the Strauss-Wilde opera by the Conried Opera Company. Many sermons are being preached on the sacrilege and immorality of the performance and it is declared in some quarters that the theme as handled by author and composer is one that should not be touched upon outside of works by Professor Kraft-Ebbing and other specialists on pederasty. But musicians are disposed to rally around Mr. Conried because of the genius recognized in the Strauss music.

1932: Depression Legislation

WASHINGTON — President Hoover has signed the \$500-million appropriation bill for the initial subscription to the \$2-billion Reconstruction Finance Corporation, the keystone arch in his economic program to lift American business from the rut of depression. The president denied European rumors that the United States was inclining toward inflation through a creation of the corporation. He took a firm stand against any currency expansion, but he favored broadening the redoubtable powers of the Federal Reserve banks to liberalize credit. Scores of applications already have been received at the Treasury Department for loans from the new Reconstruction Corporation.

Futile Deaths

Their casual and more lenient attitude toward the Nazis effectively undermined those U.S. officials who ideologically attempted to fulfill the wartime promises. To their anger, the Americans discovered that wanted Nazis had found comfortable sanctuary in the neighboring British zone. But, overall, both countries betrayed those who died in the struggle against Nazism in the belief that victory would be followed by justice.



Do 'Plumbers' Deserve a Chance . . .

By Stansfield Turner

WASHINGTON — President Reagan has established new controls to curtail leaks of classified government information. The White House ordered officials throughout the government to get clearance before talking with reporters about national-security matters. And Defense Secretary Caspar W. Weinberger is instituting lie-detector tests to ferret out leakers.

The various news media are not providing the public a balanced response to these commendable efforts. They are telling us that inhibitions on public servants will result in a less-well-informed press and hence a less-well-informed public, that no such system of controls has ever worked anyway, and that the government will continue to leak when it wants to for its own advantages.

What is missing is a discussion of the damage done through unauthorized leaks.

First, there is the endangering of our sources of intelligence information. We may spend billions of dollars developing a new technical system for collecting data, then give away the secret for counterintelligence. We may endanger the life of a foreign agent who is taking risks at our request and on our behalf. Perhaps, even more important, by lessening confidence in our ability to protect our agents we reduce the probability that we will be able to recruit the agents today whom we will need in the future.

Handicap

Second, we do direct damage to our foreign policy, and our military readiness, by tipping our hand or describing our capabilities. Perhaps the most significant element here is that we are often denied opportunities to take foreign-policy initiatives just because the risk of a leak is so high.

In my opinion, one of the key reasons that the hostage-rescue raid into Iran did not succeed was the perceived necessity for extreme measures to prevent leaks during the planning process. Even at that, the fact that an action of some sort was under way with respect to the hostages was beginning to be perceived by reporters by the time the raid took place.

Leaks of security information are the single most serious handicap to our foreign policy within our government. Certainly, leaks are the greatest problem that our intelligence agencies face.

Most presidents have had to face this issue. Some have made

valiant attempts to control leaks and some of those attempts have been unlawful. President Reagan's approach is certainly neither doomed to failure nor unlawful. He deserves a trial period to demonstrate that his new controls will not be abused by overclassification or by selective leaks.

One reason it is worth giving the president's plan a try is that the dangers of controls are being grossly exaggerated. What do leaks accomplish for our country? They often simply advance the time at which the public will be informed and, in so doing, preempt or destroy a foreign-policy initiative. Or they release some detail of classified data that is well beyond the interest or comprehension of the general public.

For instance, when our hostages were being held in Iran, there were

particular threats against those whom the Iranians identified as having been with the CIA. Two major newspapers in this country published detailed descriptions of how to distinguish a CIA person from other embassy employees, based on records that the Iranian captors held.

I wrote to the editors and complained that the American public hardly needed the specifics in this instance, and that lives might be at stake. Both editors responded that it was their duty to publish such information despite its irrelevance to informing the public.

The principal argument for not discouraging the illegal practice of leaking is that someone will uncover another Watergate by this means. That is a risk, but would a set of controls such as the president has established dissuade ei-

ther a Woodward-and-Bernstein team or a Deep Throat from doing what they each did?

Bob Woodward and Carl Bernstein provided a valuable public service through their reporting for The Washington Post, but the popularity of investigative reporting, and of whistle-blowing, has risen too high. There is little question that the public interest today lies on the side of curbing the excesses of unauthorized leaks to which we have subjected ourselves. Let's give the president's plan a fair trial and wish him luck.

Stansfield Turner, a former Navy admiral, was the CIA director during the Carter administration. He is now a consultant on international affairs. He wrote this article for The Los Angeles Times.

. . . Or Must They Be Stopped?

By William Safire

WASHINGTON — Official Washington is currently suffering from one of its periodic outbreaks of leakomania. As always, because the problem has been exaggerated, the solution has become the problem.

More than a score of administrative officials have been humiliated by the Carlucci Chastity Test. This lie-detector examination, which demands both giver and taker, is designed not so much to discover who leaked national security secrets but to intimidate any government official who dares to reveal or help avoid potential political embarrassments.

The CCT is the brainwashing child of Frank Carlucci, who has long been to Defense Secretary Caspar Weinberger what Frank Nitti was to Al Capone — a permanent underboss, an enforcer of that combination of lockjaw and lockstep that helps insiders combat their insecurities. It is the first priority of the new NSC chief, "Judge" Clark.

With all due piety, the crack-down on internal dissent is being conducted in the name of national security. People on the inside often confuse national security with memos routinely stamped "secret." They equate the secrets that protect the nation (location of deterrents, and the methods the CIA

uses to learn what is happening in Tripoli) with the secrecy that endangers the outsize by cloaking the development of policy. Much secrecy, like much welfare, is not directed to the truly needy.

Self-hypnosis then begins, as sycophants begin to extend the president's righteous worry about genuine security leaks with his irritation at seeing the contents of his State of the Union address in print before he delivers it. When Reagan began his bimonthly news conference last week with a crack about leaks, he was kidding — but he wasn't kidding.

Spirit Returns

When Lyndon Johnson became enraged at leaks, he would change his mind so as to make the leaks inaccurate — and thus was controlled by leakers. When Richard Nixon caught leakomania, he launched the plumbers operation in Room 16 of the Executive Office Building. I went past that basement office the other day. The room number has been removed, but the spirit may be coming back.

An administration that makes extensive use of polygraphs on its own people is a short step from wiretaps. And wiretaps on government sources soon slip over to wiretaps on media outlets; that is

how the solution becomes the problem.

The Carlucci-Clark plumbing operation is not directed at those who want to weaken U.S. defense by leaking genuine secrets; such disservice is better thwarted by "bigot lists" and other counterintelligence devices with which Carlucci is familiar.

In effect, the New Plumbers are out to scare other Reagan officials — many of them troubled hard-liners — into silence.

How can Reagan be saved from the ravages of leakomania? How can he be shown that his legitimate concern for protecting the truly needy secret must not be perverted into a chilling operation that undermines national policy-making?

One way is to ask an antiquarian dealer to search for a chastity belt to send to Carlucci. Another way is for the press to accept the challenge and to urge officials to drive the plumbers batty. Therefore, send your policy-development leaks to your favorite reporter, through a cutout, if necessary, to defeat the polygraph. My own Washington address is 1000 Connecticut Avenue — no zip code needed for leaks. For starters, let's have the memo on Al Haig's secret meeting with Fidel Castro's vice president.

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The Frustration of Denazification

By Tom Bower

LONDON — Tens of thousands of government documents recently released in Washington and London prove conclusively that, despite presidential directives, Germany was not a denazified after World War II as public opinion believed. Equally disconcerting, the documents show that a disturbingly large number of German war criminals remained unpunished and unpunished by the Allies and settled down to comfortable lives in western Germany.

On Oct. 25, 1942, President Roosevelt and Prime Minister Churchill issued their first major statement on Nazi war crimes and atrocities in occupied Europe. "Retribution for these crimes," promised Churchill, "must henceforth take its place among the major purposes of the war."

On the face of it, this and later, more detailed declarations should leave no doubt that Allied policy after the war was to hunt down and prosecute those who had murdered and carried out the cold-blooded murder of more than 12 million innocent people.

The recently released government documents show, however, that these pledges were willfully and cynically betrayed by those charged with their implementation and that the British were by far the worst offenders.

Futile Deaths

Their casual and more lenient attitude toward the Nazis effectively undermined those U.S. officials who ideologically attempted to fulfill the wartime promises. To their anger, the Americans discovered that wanted Nazis had found comfortable sanctuary in the neighboring British zone. But, overall, both countries betrayed those who died in the struggle against Nazism in the belief that victory would be followed by justice.

The raw statistics alone tell the tale. At the very least, 150,000 Germans are known to have been directly involved in the "final solution" and other policies resulting in the murders.

Although most of the surviving murderers fled to the West, the Allies managed to convict only 5,000, compared to the 30,000 convicted in East European countries.

Contrary to the self-delusory and harmful myth that tens of thousands of Nazi war criminals fled to South America, unpalatable evidence is now available to show that the majority of the wanted men were the intended beneficiaries of an officially sanctioned blind eye to murder.

The cause of the postwar failure was a calamitous mixture of lack of interest, lethargy, disbelief about the extent of German crimes and deliberate sabotage by public officials.

Reviewing the situation, Patrick Dean, later to become British ambassador to Washington, warned his superiors of "the possibility of a real fiasco, with serious political consequences."

The consequence was not only the presence of sadistic torturers on the streets of Munich and Frankfurt, but also of the more menacing reality that seriously incriminated Germans had not been removed from influential positions in German society.

Teachers and professors who had emphasized the glories of Nazism and the value of Hitler's racial theories were reapportioned to teach the postwar generation.

Judges who had passed death sentences for trivial offenses such as kissing an Aryan girl had their appointments reconfirmed.

Doctors who had sent the infirm to euthanasia institutions to be murdered remained unmolested as the neighborhood general practitioner. Gestapo and SS officers, deeply implicated in terrible

crimes, were recruited to rebuild Germany's police forces.

The same civil servants who had willingly served Hitler were nearly all reapportioned.

In the industrial Ruhr Valley, it all seems to have been the result of a determined conspiracy by the British, who were determined to resume their prewar relations with German industrialists and bankers and who, in contravention of Allied policy, ignored the Germans' criminal relationship with the Third Reich.

Interference

Senior British officials united in preventing their American counterparts from prosecuting their German friends as war criminals. Instead, the Germans were reemployed in senior positions throughout the German economy, with their fortunes intact and their influence increased.

Among the many who profited from the divided Allies was Hermann Abs, now chairman of Germany's largest bank, the Deutsche Bank. Before the war, he was a partner of Delbruck Schickler, the bank that held Hitler's private account, and he represented the Nazi government at the Bank for International Settlements. During the war, Abs was intimately involved in his bank's plunder of European industry, the management of factories employing slave labor and the bank's financing of I.G. Farben's synthetic-fuel factory at the Auschwitz extermination camp.

Although Abs still maintains that he knew nothing about the "final solution," American officers in postwar Germany were determined to prosecute him as a war criminal. Frustratingly, they could not arrest him because Bank of England officials had already appointed him to rebuild the German banking system.

With studied charm, Abs recently pronounced a wry epitaph on Allied efforts to purge his country: "Dissension between the Allies was one of the features of postwar policy." An exhausted Richard Bronson on the staff of John J. McCloy, American High Commissioner for Germany, wrote in his valediction: "British indifference and antagonism defeated the American program."

Tom Bower is author of the book "The Pledge Betrayed." This article was contributed to The New York Times.

Moscow's Third Schism

By Leopold Unger

BRUSSELS — Only six weeks after its untimely demise, Solidarity has won its first posthumous victory in Moscow. The Kremlin's excommunication of the Italian Communist Party is indisputable proof of the Polish independent union's main thesis: that Marxism reigns and governs only through violence, insult and injury.

The only difference between Warsaw and Rome is that the Kremlin cannot send its tanks to the Eternal City, only the prose of its faithful Pravda.

The Dec. 13 putsch in Warsaw that did away with Solidarity also triggered the coup de grace to what was still being called Euro-Communism, which was the notion that Communism and democracy were compatible.

Already badly shaken by the divisions within its movement after the Soviet interventions in Cambodia and Afghanistan, Euro-Communism could not survive the Warsaw coup. And at the same time, the basic dogma of all Communism — the dictatorship of the proletariat — died in Poland. The proletariat is imprisoned there so the dictatorship can rule without hindrance.

The excommunication of the Italian Communist Party is not the end but the beginning of a series of events that may be considered the third schism of the modern Communist movement.

Ideological

But the denunciations of Tito in 1948 and Mao in 1961 were provoked by rejection of Moscow's political domination, and without raising the slightest doubt as to the value of the Soviet system as a model. This time, however, the divorce is ideological. The Italian Communist Party has formally rejected "real socialism" as a model.

If Moscow's reaction to the Italian party's analysis was loathsome, the violence of the Pravda article came as a surprise. And that in itself is unusual because Pravda reached into its glossary of extraordinary terms and used the language of the preceding schisms, those always followed by a divorce.

The Italian party has taken a daring step in disputing Moscow's privileged position in the world and in history. And Moscow is making it clear that it is prepared to pay the price to let it be known that it considers this step intolerable.

And the cost of a break with the highest Communist party in the Western world may well be a domino effect on the Spanish and Finnish parties, of condemnation by the Japanese, Dutch and British Communists, and of striking at the heart of the international pacifist movement, currently silenced by the Polish putsch.

There is above all the threat of the more complete isolation of the French Communist Party. The party's leader, Georges Marchais, now has only one ally left on his pro-Soviet line, the Portuguese Stalinist Alvaro Cunhal.

Embarrassment

The French Communists participate in a government led by the Socialist Party, which has been the most virulent critic of dictatorships throughout the world — this despite the embarrassing affair of the gas deal with the Soviet Union. And the Socialists will not allow the four Communist ministers in the French government to remain silent over the Soviet violation of international relations and democratic procedures in the Kremlin's attack on the Italian party.

But what sort of links can exist between the French and Italian Communist Parties, when the Communist-led French labor federation CGT constantly assails the Polish union Solidarity, while the Italian union CGIL, presided over by Luciano Lama, a member of the Communist Party, announces that it will finance the activities of the clandestine sector of Solidarity in Poland?

The timing of the Pravda article was significant. The attack on Tito in 1948 signaled the start of a campaign that led to the Stalinization of Eastern Europe and to the Korean War. The attack on Mao in 1961 was followed by the Cuban missile crisis and the construction of the Berlin Wall.

A crisis among the Communists and its subsequent ideological and fraternal cold war have always been harbingers of an international crisis and an international cold war.

"How many Italian workers long for a type of society, of economic and political order such as exist in the Soviet Union?" the secretary general of the Italian party, Enrico Berlinguer, asked members of his Central Committee who criticized his attitude toward the events in Poland.

That question may be asked throughout Europe, and not only of Communists. And it is too bad that Lech Walesa cannot hear it, since he and the 10 million members of Solidarity were asking just that for 18 months.

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'Reaganomics' Continues to Play in Peoria, But Some Critics Still Wait for a Finale

By David S. Broder

Washington Post Service

WASHINGTON — The Reagan program is still playing in Peoria. It is more than a little off key, with unemployment higher than most adults can ever remember. But they are not ready to shoot the piano player or even demand that he change his tune. They want to hear how the piece ends.

The conventional wisdom in Washington is that after his first-year legislative triumphs, Ronald Reagan is riding for a fall. The combination of deep recession, high unemployment and an approaching election will weaken his Republican support and embolden the Democratic opposition, it is said. But the conventional wisdom may be wrong.

What jobless carpenters, worried Caterpillar tractor workers and nervous farmers were saying last week in the middle of frozen Illinois was echoed in seven other communities from New Haven to San Marcos, where Washington Post reporters traveled with members of Congress and interviewed their constituents.

The Post went mainly to districts that gave Mr. Reagan his 1981 victories: the home bases of conservative and liberal Republicans and conservative Democrats. The idea was to see if that support was being eroded by the economic adversities of this cruel winter.

Indicative Comments

If the sentiments in those communities and the comments of a dozen other House members interviewed by phone are indicative, the mood of the returning Congress may be more amenable to President Reagan's second-year program than a look at the recession's bleak measures would suggest.

A lot more people are nervous about what Senate Majority Leader Howard H. Baker Jr., Republican of Tennessee, last year called "the riverboat gamble" of Reaganomics. But they are not yet cashing in their chips.

Larry Hobbs is a Houston painter and paperhanger; his wife, Ronda, is expecting their first child. Both were raised as Democrats, but they admire Ronald Reagan. "For the one year he's been in office," she said, "he's done a helluva job." "I'm a union man," her husband added, "but with Carter, it seems that nothing much was accomplished. ... Ronald Reagan is more of a leader." He talks about unemployment and the big deficits and said he knows there are big risks. "He'll either make us or break us," he said of the president.

There are pressures in many districts to write off Reaganomics as a failure. Keller Blair, a black minister's wife in Augusta, Ga., said: "People are desperate. A lot of poor people are suffering and the crime rate is bound to go up." John Driscoll, the president of the Connecticut AFL-CIO, finds "quite a bit of revisionism" with Mr. Reagan. "What turned most working people off," he said, "was the letdown after their first paychecks in October. There wasn't enough tax cut in them to buy a pack of cigarettes."

And in San Marcos, Texas, Ofelia Vasquez, the director of the community action program, pronounced herself "disillusioned." "I think the rich are getting richer," she said. "It was a mistake to cut taxes at the same time they cut the budget. We should cut taxes when we can afford it."

But the feeling reporters heard most often was expressed by Karen Wolfe, a 39-year-old housewife in Pomona, Calif. Raising eight children on the salary her husband makes as a pump company manager, she acknowledges she got nervous when he talked about the firm's declining orders. But "we just have to hang in there and, hopefully, it will work," she said of the Reagan economic plan.

Unemployment and cuts in social services concern her, she said, but "it's better to hurt a few than the whole nation. They should give Reagan a chance to cut inflation, get spending down, get government back where it should be."

That may seem easy for her to say. It is not easy for Morgan Jones of Augusta, Ga. And he says the same thing.

Mr. Jones, 40, watched about 70 fellow employees at Coastal Lumber Co. get dismissal notices for Christmas. Now the company is up for sale and Mr. Jones has to worry about how long he can hold onto his \$15,000-a-year sales manager job.

Views Are Echoed

"It's a strange phenomenon," Mr. Jones' congressman, Rep. Doug Barnard Jr., Democrat of Georgia, said of the many conversations he has had with people who echo Mr. Jones' views. One of the Democrats whose votes gave Mr. Reagan his budget and tax victories in the House last year, Mr. Barnard said he has kept his ear tuned for sounds of rebellion and "no one has told me, 'You touched it up.' " "Most understand it still hasn't gotten under way yet," he said. "And those who supported the program can't be faulted until it's proven a failure."

What is true of this Democrat is also true of two Republicans from normally Democratic Youngstown and New Haven, who went home nervous about their support of the president and came back prepared to go a little further with him.

It is true of two freshman Republicans from Texas and California, who beat Democratic incumbents on Mr. Reagan's coattails in 1980 and will be facing the voters on their own this November. They are prepared to roll the dice on the Reagan program, gambling it will pan out politically.

Even the veteran moderate Democrat from Lyndon Johnson's home district, Rep. Jake Pickle, who voted against the 1981 budget and tax cuts, is far from ready to lead a crusade against Reaganomics. At an Austin high school assembly, early one day, he told the seniors, "I think the administration is going to have to make some crucial decisions. They cannot get our economy back in shape by following the course we're on."

Still later, he told a reporter: "I'm going to try to cooperate by making additional, reasonable cuts. You can't operate like 20 years ago. But I'm not going to try to solve all our problems by cutting social programs."

Such comments give weight to the words of Peoria's congressman, House Minority Leader Robert Michel, Republican of Illinois, who said the second year of Reaganomics will be "more difficult" to push through Congress — but not impossible.

Rep. Michel can see the economic problems of the United States in microcosm every time he goes home. Unemployment, pushing 10 percent, "is the highest in my lifetime," said May or Dick Carver, a Republican and Reagan defender in the U.S. Conference of Mayors. The Pabst brewery was ordered closed on the last day of 1981, following Hiram Walker's distillery out of town. Caterpillar, the biggest employer, had ordered the first large-scale layoffs in 20 years, even before it lost an \$80-million

contract to sell pipelayers to the Soviet Union when Mr. Reagan imposed trade sanctions as a protest against the military takeover in Poland.

"I have to be a bit careful," Rep. Michel said, "with unemployment up and Pabst closing down. I don't subscribe to the notion that unemployment is the only way to attack inflation. But I do say that we are paying the price for the excesses of the past, and you don't turn things around overnight. Come the spring winds of March and April, I want to see things turning around."

He is not the only one who measures in months, if not weeks, the tolerance for Reaganomics. Donald A. Johnson, the executive secretary of the West Central Illinois Building Trades Council and the director of labor for former Illinois Gov. Dan Walker, a Democrat, says that his dues-paying membership has dropped from 14,000 in 1980 to 10,000 now because of the depression in construction.

In the back room of Sambo's Restaurant in Little Rock, Ark., four men are having late afternoon coffee. Three voted for Mr. Reagan in 1980 and the fourth would switch to support him now. But they think the economy is lousy.

"If it weren't for the government work" at the local Air Force base, said Jimmy Stinson, an electrical contractor, "there wouldn't be anything." "He's not trying to hurt the middle-income people," B.J. Choate, a realtor, said of Mr. Reagan, "but that's what [his program] is doing right now. It's tilted toward the wealthy." Warren Shell, owner of a transport firm, agrees, "but he doesn't mean it that way." Willis Sanders, a heating and air-conditioning repairman, said nothing will improve "until his program has a chance to work." Nothing else has helped with inflation, he observed, "but if he fails, we're going to have a depression."

Ed Bethune, the Republican who represents these four men in the House, said that every time he begins to wonder if Mr. Reagan can sustain momentum for his program, "I come out here and they say he's on the right track ... in his effort to change some fundamental attitudes about working, saving and investing. There's a feeling this will ultimately help the economy more than just changing the budget."

'Destined to Fail'

But Rep. Bethune worries that the Reagan program is "destined to fail unless it means prosperity for black America as well as white America."

The concern about the fairness of the Reagan program pops up time and again, and not just from critical Democrats. Rep. Lawrence J. DeNardis, Republican of Connecticut, a freshman in what was a Democratic district, worries about people like William Elder, a 70-year-old office employee in New Haven, who said, "Reagan has forgotten the days when he worked for \$30 a week. He is taking from the poor and giving to the rich; that's all he's doing."

"To the extent that spreads," Rep. DeNardis said, "I'll be in trouble. But so far, a

significant majority approves the cuts of 1981, and they want more in 1982, if they are within reason."

Many of the issues that are at the center of debate in Washington are barely mentioned in the precincts. The Post reporters visited. Tax increases, most places, would be an unwelcome surprise, but few voters seem to believe they are imminent. As for talk of a \$100-billion deficit, "it doesn't particularly trouble me," said James E. Bird of Highlands, Texas. "I can't really comprehend it."

Interest rates are a worry, but often reporters heard them being blamed on the Federal Reserve Board, or past spending practices, rather than on Mr. Reagan's policies. Poland and other foreign-policy issues were a minor topic of discussion.

It is the economy that shapes the attitudes of the returning Congress, a fact that was confirmed by phone conversations with a dozen additional members of the House.

From a northern California district where high interest rates have caused 25 percent unemployment in some lumber-oriented counties, Republican Gene Chappie said: "On balance, there's still a strong sense of support. The timber folks are the most emphatic about hanging tough, even though they're eating a bundle. They say, 'Let's give it a little time to see how it washes.'"

From Philadelphia, Democrat William H. Gray 3d said that "unemployment is just going through the roof, and, if that isn't enough to frighten people, this is perceived as a racist administration to boot."

But north of there, in the Bronx, Democrat Mario Biaggi finds "those affected by the cuts are talking, but mostly there's a strange silence about them. The feeling I get is they want to give the president more time; they think he's trying," he said.

In Oklahoma City, Republican Mickey Edwards agreed that "people will be upset if the president asks for higher taxes." "He convinced a lot of them that if you want to get the economy going, you have to leave money in people's pockets," he said. "If he turns around, he'll have a hard time convincing them that was wrong."

If economics is one axis of the returning Congress, politics is the other, for everyone realizes the election is a scant 10 months away. And there are particular pressures on the junior Republicans, not yet entrenched in their districts, whose unwavering loyalty was one of the striking features of Mr. Reagan's first-year success.

Most of them are looking pretty healthy. In 1980, freshman Rep. Jack Fields, Republican of Texas, defeated veteran liberal Democratic Rep. Bob Eckhardt in an epic and expensive battle in a working-class, heavily unionized Houston district. So far, he has no opponent for 1982.

Rep. Fields sees his mission in simple terms: keep cutting. "We have not cut one dollar from the federal budget," he tells Rotarians. "All we have done is reduce the rate of growth."



WORLDS APART — A bedouin in traditional garb and a Western-style sunbather form a study in contrast on a beach at the Sinai town of Dahab, on the Gulf of Aqaba, as Israel continues to withdraw from the area it has occupied since 1967.

Israeli Settlers Waiting Calmly in South Sinai For Plug to Be Pulled

By William Claiborne

Washington Post Service

SHARM EL SHEIKH, Israeli-occupied Sinai — Yellowish clouds of thick dust billow over a desert plateau overlooking the Red Sea's narrow Straits of Tiran and the Saudi Arabian coastline as giant earth-moving machines race against the clock to complete a base for the multinational peacekeeping force that will patrol the Sinai Peninsula after Israel's withdrawal.

Along the road that runs 140 miles (225 kilometers) from the southeastern tip of the Sinai to the port of Elath, at the northern edge of the Gulf of Aqaba, Israeli Army flatbed trucks lumber through the imposing mountain passes, straining under the load of dismantled buildings being transported to the Negev Desert.

In sun-drenched suvaco houses in the settlement town of Ophira, moving cartons are stacked to the ceilings, putting the lie to spray-painted graffiti outside that defiantly rejects surrender.

Just 12 years after the late Israeli war hero and statesman, Moshe Dayan, proclaimed "Better Sharm el Sheikh without peace than peace without Sharm el Sheikh," Israel is taking leave of the most idyllic part of the wedge-shaped 23,622-square-mile peninsula that it has occupied since the Six-Day War of June, 1967.

While in Yamit and other settlements along the northern Sinai's Mediterranean coastline ultranationalist holdouts are saying they will refuse to leave, life here is quietly but sadly running down.

\$17-Billion Investment

Israel's \$17-billion investment in a new frontier — a gamble predicated on the belief that then-hostile Egypt could never bring itself to make peace with the Jewish state — is being abandoned in the last and most painful retreat since the signing of the peace treaty on March 26, 1979.

"It's all over," said Yaacov Bar-Levy, 34-year-old manager of an Ophira youth hostel and head of the Sharm el Sheikh area settlers committee. "We're just waiting until our school closes on March 26, and then we'll go away with our dreams and our disappointments."

He added: "What Israel doesn't need is a war of Jews against Jews. OK, we live in a democracy. But if this democracy goes to an active resistance, I will oppose that. Most people here are just waiting until the end."

The end, officially, will be April 25, the deadline for the completion of Israel's withdrawal from the Sinai under the terms of the treaty. But for many, it will come sooner than that, and for some it has already come.

Some residents say they will date the end from Feb. 10, when Israel's Ministry of Communications will literally pull the plug on the southern Sinai, cutting telephone service except for a few emergency lines beamed by radio transmitters.

A Smell of Death

For the resort hotels and holiday villages along the Gulf of Aqaba, where superb beaches and some of the best diving reefs north of the equator used to attract thousands of visitors a month, the end will probably be March 31, which is when the hotel staffs have been told to leave.

But the southeast Sinai coast already has the smell of death in places.

The holiday village of Neviot, halfway between Elath and here, has already closed, and the only signs of life on the beach these days are backpacking European youths and a few bedouin who hang around looking for day work or trying to sell seashell necklaces to the few Israeli tourists who still stop by for a last look.

At the adjacent settlement farm, the last crop of melons has been harvested, and the remains of this season's flowers are being cut for export to Europe.

"People here are realistic," said Alon Emmanuel, the 33-year-old Neviot manager, who settled in the village in 1972. "We don't live in a fantasy world like they do in Yamit. We know we can't stay. We know the peace process is like a bulldozer, moving along slowly without anything strong enough to change it. All the little controversies about not leaving are irrelevant. The fact is, we are leaving."

At Naama Bay, just north of Ophira, the 130-room marina hotel has all but been taken over by American construction workers from the nearby multinational base, and in town a cliff-top motel has been turned into a dormitory for 150 migrant construction workers from Thailand who are also working on the base.

The multinational force's new headquarters, which will house 1,000 members, is about the only sign of constructive activity in the Sinai these days.

Enormous Operation

In pulling back from the Sinai, the largest logistical operation ever by Israel, the Israeli Army has abandoned three major air bases and has evacuated 103 infantry and armored corps camps. The job has entailed transporting 3,500 buildings, shipping 8,700 tons of equipment and dismantling 150 miles of water pipeline. Any military equipment the army cannot move will be destroyed.

The Israeli government says that in 14 years, it invested \$17 billion in the Sinai, including \$10 billion for air bases and army facilities, \$5 billion in developing the Alma oil fields along the Gulf of Suez, and \$2 billion for settlements and roads. Additionally, the cost of redeploying the air force and army in the Negev has cost \$4.4 billion, plus another \$1 billion paid by the United States for construction of two new air bases in the Negev.

But an even larger cost, according to many of the 5,000 Israelis who moved to the Sinai to make a better life for themselves, was in human terms.

To Jackie Ben-Margi, of Ophira, everything he sees in the southern Sinai looks like death. "It's like a funeral," he said. "Nobody outside is happy, because their lives have ended here. You can see it in their faces. If they want peace, why can't the Egyptians and the Israelis live together?"

"I want to stay until one hour before the deadline," he said. "It's my life here, and I don't want to leave before I have to."

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NYSE Nationwide Trading Closing Prices Jan. 27

Tables include the nationwide prices up to the closing on Wall Street.

Market Summary

Jan. 27, 1982

Dow Jones Averages

Open	High	Low	Close
2,814.50	2,824.00	2,810.00	2,814.50
1,000.00	1,000.00	1,000.00	1,000.00

Market Indices

NYSE	AMEX
2,814.50	1,000.00
1,000.00	1,000.00

NYSE Most Active

Symbol	Price
IBM	156.25
AT&T	44.75
GE	34.50

NYSE Index

High	Low	Open
2,824.00	2,810.00	2,814.50
1,000.00	1,000.00	1,000.00

Standard & Poor's Index

High	Low	Open
1,000.00	1,000.00	1,000.00
1,000.00	1,000.00	1,000.00

AMEX Most Active

Symbol	Price
IBM	156.25
AT&T	44.75
GE	34.50

AMEX Stock Index

High	Low	Open
1,000.00	1,000.00	1,000.00
1,000.00	1,000.00	1,000.00

Odd-Lot Trading in N.Y.

Symbol	Price
IBM	156.25
AT&T	44.75
GE	34.50

Dow Jones Bond Averages

Open	High	Low	Close
100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00

Symbol	Price
IBM	156.25
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GE	34.50

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IBM	156.25
AT&T	44.75
GE	34.50

Symbol	Price
IBM	156.25
AT&T	44.75
GE	34.50

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Six Gulf Ministers Set Up \$3-Billion Investment Firm

BAHRAIN — Six Gulf states agreed Wednesday to set up a \$3 billion investment company as their oil ministers arranged to meet on Sunday to coordinate prices and production.

Finance ministers of the Gulf Cooperation Council decided in the Saudi capital of Riyadh to set up a Gulf investment corporation with initial capital of \$3 billion, the official Qamar news agency said.

They also formed five expert committees to work out details of implementing a wide-ranging economic agreement — along the lines of the European Common Market — that was ratified by their heads of state last November.

Saudi Finance Minister Mohammed Abul-Khalil said the ministers would meet again in June to endorse the final form of the economic agreement, the official Saudi press agency said.

A council spokesman in Riyadh also announced that oil ministers of the six — Saudi Arabia, Kuwait, Oman, Bahrain, Qatar and the United Arab Emirates — would meet on Sunday, their first gathering since the group was formed last May.

The six Gulf states derive virtually all their income of over \$400 million a day from oil and produce about 11.5 million barrels per day — half the output of OPEC.

They decided to establish closer links last year in the face of threats they saw from the Soviet intervention in Afghanistan, the Iranian revolution and the Iran-Iraq war.

The ministerial meetings began on Monday when defense ministers began two days of talks that covered the establishment of a Gulf armaments industry.

Kuwait Defense Minister Salem al-Sabah said on his return from the defense meeting that it approved proposals of a military team which visited Oman and considered possible defence help for the sultanate.

BUSINESS NEWS BRIEFS

Greece Moves to Take Over Exxon Interests

ATHENS — In its first major nationalization move since coming to power last October, Greece's Socialist government has announced it will take over the Exxon oil refinery complex near Salonika in northern Greece.

A spokesman for Exxon, whose contract with the Greek state for the Salonika plant was due to expire in 1983, said the company expected the takeover negotiations to be "friendly," and he predicted that they would lead to "a smooth handing over of Exxon's activities at the plant to Greece."

Observers in Athens said the Tuesday announcement was probably welcomed by Exxon, whose profits from the Salonika refinery have been small by international standards. The plant has an annual refining capacity of 3.3 million tons, and the most recent available figures show a profit of approximately \$9 million for 1979.

BMW Chief Hints Dividend May Be Reduced

MUNICH — Bayerische Motoren Werke's managing board chairman, Eberhard von Kuenheim, said Wednesday he could not rule out the possibility of a cut in 1981 dividend from the 10 marks per 50 mark share paid on 1980 results.

He told a news conference that 10-Deutsche mark payout by BMW in the last two years was unusually high and "this cannot be a fixed dividend level." Mr. von Kuenheim said the company could not maintain 1980 profit levels in 1981, despite last year being generally a good year for BMW with turnover, production and sales rising to record levels. BMW is to report 1981 results at the end of April.

Spain Firm to Make Suzuki 4-Wheel-Drives

TOKYO — Japan's Suzuki Motor Co. said Wednesday that Land Rover Santana of Spain will make and sell Suzuki's Jimmy model, a small, four-wheel drive vehicle.

Suzuki declined to elaborate on the agreement with Land Rover Santana, which is partly owned by British Leyland. But industry sources said Suzuki hoped to enter West European markets through the Spanish company.

Another Japanese automaker, Isuzu, which is 34-percent owned by General Motors, said it planned to take a 10-percent venture planned by GM and Tunisia's Société Africaine Autos. The venture will make one-ton trucks designed by Isuzu and a van designed by Opel of West Germany.

Bastogi to Cut Holdings, Seek Partners

MILAN — Bastogi, the struggling Italian holding group, said Wednesday it will shed some shareholdings and properties and seek new partners in its subsidiary operations in a bid to restore the company.

"Bastogi isn't any longer a financial holding company, it is a conglomerate," said Chairman Luigi Santamaria. "That means the company can't isolate itself from the good and bad aspects of its subsidiaries and, in times of industrial crisis like the present, it's clear that the situation is damaging to the holding company."

Deepening losses forced the company earlier this month to write down its capital to 92.3 billion lire (\$74.6 million) from 171.4 billion lire. Though Bastogi's board said at the time it would try to recapitalize the company, a lack of prospective underwriters has cast doubts on the likelihood of such a strategy.

Aluisse Says 1982 Will Be 'Terrible'

ZURICH — Swiss Aluminum Ltd. will have "a terrible year in 1982," Thomas Gasser, executive vice president and chief financial officer, said Wednesday.

He strongly hinted that the dividend, currently 10 percent a share, will be slashed. He said planned major investments will be postponed, but added that low inventories could speed up an eventual rebound in business.

Effect of Trade Law Changes Will Be Slow, Says Suzuki

TOKYO — Plans to drop non-tariff trade barriers and open the Japanese market to more foreign goods will not have any immediate impact, Premier Zenko Suzuki said Wednesday.

At the same time the head of Japan's central bank said there are unmistakable signs that Japanese exports as a whole have been slowing, affecting the economic outlook of the nation to some extent.

Premier Suzuki told reporters that the effect of removing at least 67 out of 99 non-tariff barriers cited by the United States and the European Economic Community would be gradual. But he called on the United States and Europe to boost sales efforts in Japan.

Japan is under pressure from its major trading partners to cut its huge trade surpluses. According to recent forecasts, Japan could have a \$20-billion surplus in U.S. trade and a \$15-billion advantage with the EEC in the current financial year ending in March.

Bank of Japan Governor Haruo Mochizuki said Wednesday that the slowdown in exports has been due to voluntary controls of exports by Japanese industries and increased overseas inventories of Japanese goods reflecting recession in the United States and other Western countries.

Mr. Mochizuki said, however, it is difficult at this stage to forecast the future trend of Japanese exports. However, inventory adjustment by Japanese industries has been completed, which is a favorable factor for the further development of the economy, he said.

Russia Selling Large Volumes Of Heating Oil

LONDON — The Soviet Union is offering an unprecedented number of cargoes of light heating oil on the spot market, apparently motivated by a strong need to earn foreign exchange, oil trade sources said Wednesday.

This development, which is contributing to a sharp decline in oil product prices, follows reports of higher sales of oil by the Soviet Union on the world market.

One source said that over the last two weeks more than 200,000 metric tons of Soviet heating oil have appeared in the market. Other estimates put the total as high as 300,000-400,000 tons.

Contracts from the Soviet Union generally run from April to December and deliveries during January and February are most unusual, analysts claim.

Some suggest that the country has been forced to sell fuel that it would normally use for internal consumption because of its high foreign currency requirements.

Following a series of poor harvests over the last two years, the Soviet Union has had to resort to importing vast quantities of grain. Estimates of the country's requirements during 1982 range between 40 and 50 million metric tons, all of which will have to be paid for in foreign currency.

In addition, some analysts believe the Soviet Union has been helping Poland meet its short-term hard currency requirements.

Gasoil for delivery in early February traded in a range of \$296-\$297 per metric ton in the spot market Wednesday. Last week similar cargoes were traded as high as \$310 per metric ton.

U.S. Reports Chinese Purchased More Wheat

WASHINGTON — China has bought an additional 130,000 metric tons of U.S. wheat — about 4.8 million bushels — for delivery this year, the Agriculture Department reported.

Officials said Tuesday the grain had been reported earlier as going to "unknown destinations" but that exporters now indicate it was bought by China. The latest sales raised to more than 3.2 million tons of wheat that China has bought for delivery in 1982. China has agreed to buy a minimum of 6 million tons of U.S. grain this year.

W. Germany Posts Strong Trade Surplus

Surplus in Payments Sets a Post-War High

WIESBADEN, West Germany — West Germany's Wednesday posted a strong surplus of 5.14 billion Deutsche marks in its December trade balance and at the same time reported that its current-account surplus of 4.9 billion DM set a post-war monthly high.

The Federal Statistics Office said the December trade surplus rose from 3.94 billion DM in November and was up from 1.01 billion DM in December 1980.

Year Totals

It said the current-account surplus climbed from a surplus of 1.2 billion DM in November against a deficit of 822 million DM in December, 1980. The previous monthly record — 4.7 billion DM — was posted in December, 1974. Last October's surplus of 2.9 billion DM was the first positive balance since April, 1979.

For all of 1981, West Germany recorded a trade surplus of 27.9 billion DM, up from a surplus of 8.9 billion DM in 1980.

The 1981 current-account deficit narrowed to 17.5 billion DM from 29.8 billion DM in 1980, according to agency figures.

The statistics office reported that exports in December slipped 0.4 percent to 35.95 billion DM from 36.12 billion DM in November. Imports fell 4.2 percent to 30.81 billion DM from 32.17 billion DM in November.

Compared to December, 1980, exports last month rose 18.7 percent while imports increased 5.4 percent.

For all of 1981, exports totaled 396.99 billion DM, rising 13.3 percent from 350.32 billion DM in 1980. Imports climbed 8.1 percent to 369.11 billion DM from 341.38 billion DM the year earlier.

A spokesman for West Germany's industrial and trade association said the improved figures were caused by increased export efforts because of weak domestic demand.

Rate Difficulties

Reacting to the news, Frankfurt foreign exchange traders said earlier rumors of a large current-account surplus had sent the dollar down to a fixing level of 2.3090 DM Wednesday from an opening of 2.3145 DM and Tuesday's fixing of 2.3395 DM. In recent days the mark had depreciated sharply against the dollar as a result of rising U.S. interest rates and declining domestic rates.

Addressing the problem of rate differences in major markets, Helmut Schlesinger, Bundesbank vice president, said Wednesday that too much of a cut in West German interest rates could imperil the foreign exchange value of the mark.

The last few days, since the Bundesbank cut its special Lombard rate one-half point to 10 percent, have indicated the danger, he said in a speech prepared for delivery to the Legal Society of Berlin.

"The inclination toward capital exports from West Germany has grown again, and as long as one needs to count on a sharp revaluation, the mark appears a cheap currency to borrowers," he said.

Mr. Schlesinger said the constraints placed on the Bundesbank by foreign payment considerations have grown smaller but have not yet disappeared.

The Bundesbank has made use of what leeway it has had to lower interest rates, he said.

Mr. Schlesinger cautioned against focusing too much on interest rates as a factor in reviving the economy, adding that the fundamental problems of the economy would remain and the profitability of companies would not be improved immediately just by cutting interest rates.

Chancellor Helmut Schmidt's government has been under pressure from trade unions and members of his Social Democratic Party to help cut interest rates to stimulate the economy and create more jobs.

French Launch World Computer Center

PARIS — The French government is launching a multimillion-dollar international center to design personal computer systems for education and training in both the industrialized countries and the Third World.

A statement issued after a Cabinet meeting Wednesday said the center would serve as a "crossroad of ideas and expertise" in small-computer technology. Jean-Jacques Servan-Schreiber was named to head the center, whose board will be international in scope but include at least nine French Cabinet ministers.

The World Center for Micro-computer Science and Human Resources reflects the Socialist government's strong belief in the computer as an agent for social change while further extending French efforts to compete against the United States and Japan in the burgeoning computer and telecommunications market.

"This is not without precedent," said Michael Tyler, president of CSP International, a telecommunications research and consulting firm. "The French are already involved in such things as digital switches and videotex (televized transmission of texts). This is part of a broad strategy to obtain preeminence in information processing."

The center is expected to place a heavy emphasis on education projects in the Third World. Pilot projects are tentatively scheduled for Senegal, Kuwait, Ghana and the Philippines.

Saudi oil Minister Sheikh Ahmed Zaki Yamani has reportedly requested that the first project be set up in Saudi Arabia. It is possible that OPEC contributions might bolster the center's proposed 120-million-franc (about \$20 million) annual budget.

In France, the center will undertake projects designed to retrain workers displaced by automation. Sources close to the center privately express concern over union reaction to this approach.

What impresses many observers is that the center has been able to attract some of the world's leading computer scientists. In addition to several Japanese and Third World participants, several U.S. computer scientists will play an active role in the center.

Nicholas Negroponte, a professor of computer graphics, will take a leave of absence from MIT to become the center's first director. Seymour Papert, creator of a high-

BL Chairman Says Company Will Not Need Aid by 1986

LONDON — Michael Edwards, chairman of Britain's state-owned automaker BL, said Wednesday the company will no longer have to seek government subsidies after 1985.

Mr. Edwards told a parliamentary committee BL will break even in 1983 in trading terms. The firm lost £387 million in 1980 and 1981 losses are projected around £500 million.

Despite labor problems last year there had been the biggest increase in productivity per man in the company's history. The work force fell to 67,000, instead of between 90,000 and 100,000 as projected, he said.

Earlier, BL said it had arranged a total of £227 million in unsecured eight and 10-year loans with 10 British and North American banks.

The loans are part of a plan to raise £1.44 billion with similar loans, government funds and internal funds for investment in new models and new facilities between now and 1986, a BL spokeswoman said. The loans were secured on normal commercial terms, but she declined to give details.

Soviets Step Up Robots

MOSCOW — The Soviet Union has decided to step up its manufacture of industrial robots to a level of 8,000 a year, the official news agency Tass reported Wednesday. The report did not say when this level of output, to be used for assembly, welding, painting, drilling and other operations, would be reached.

Sony Introduces Pocket-Sized TV

TOKYO — Sony announced Wednesday that it will start marketing a miniature black-and-white television set with a two-inch (5-centimeter) screen.

Dubbed the Flat TV, the unit measures 1.4 inches (37 millimeters) thick, 3.4 inches (88 millimeters) wide, and 8 inches (204 millimeters) long, and weighs 18.6 ounces (520 grams). It uses a cathode-ray tube that is only 0.6 inches (16 millimeters) thick.

Sony said Flat TV will go on sale in Japan in February for 54,800 yen (\$239) each and will be introduced to the U.S. market "within this year."

The miniature television appears to be aimed at the same market as Sony's Walkman, a portable cassette player that has been a major success.

Hitachi, Toshiba and National, maker of Panasonic products, have tried to develop miniature televisions but have not had much success due to the difficulties of mass-producing small-sized cathode-ray tubes.

The Flat TV comes with monaural headphones and speakers. The user may choose from four power sources: a dry-cell battery, an optional rechargeable battery, household power or a car battery.



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The Treasury Secretary acknowledged that the new withholding taxes will be unpopular and that he had opposed such measures when he was chairman of Merrill Lynch & Co. But he said that raising revenue this way would be preferable to increasing taxes.

Under the plan described by Mr. Regan, individuals earning \$15,000 or less a year would be exempt from having taxes withheld on dividend and interest payments.

On other topics, the Treasury Secretary issued some of his strongest criticism yet of the Federal Reserve, contending that "erratic" money-supply growth in 1980 and 1981 had "contributed to the onset of the current downturn."

"Stability of policy is the key requirement for any permanent recovery in output and employment," he said.

Mr. Regan told the congressional committee that the administration wanted the Fed to slow the growth in the money supply gradually. Instead, he complained, the Fed has allowed the money supply to swing from sharp declines to very large increases.

"Such volatile money growth has very damaging effects on the economy," Mr. Regan said, adding that it "helps keep interest rates high as lenders seek to protect their principal." He said a recent sharp acceleration in money growth, which has been accompanied by rising interest rates, has renewed concerns about inflation and has "created enormous uncertainty in the financial markets."

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The Dow Jones industrial average at close was up 1.15 at 842.66. Advances led declines by around 770 to 640 and volume rose to some 50 million shares from 44.87 million Tuesday.

After the close, the Treasury said it would raise a record \$41.25 billion in new cash in current quarter and also would ask Congress to raise interest ceiling that limits future bond sales.

On currency exchanges, the dollar fell on news of strong West German trade figures but then later recovered fairly active trading, dealers said.

They said New York and Chicago both entered the market as heavy buyers of dollars.

In London, the dollar closed at 2.3193 Deutsche marks, up from 2.3085 at midsession and just above its opening 2.3165, but a little below Tuesday night's 2.3127.

In corporate news, R.H. Macy, the retailer, and American Can Co. both announced that they would buy blocks of their own stock. Macy said its board had authorized the repurchase of up to 500,000 of its common shares.

American Can said it had accepted for payment 2.2 million of the shares under an offer made Jan. 12.

From Tulsa, Cities Service said it will discontinue its plastics operations and incur a one-time after-tax charge of about \$290 million, the company said the operations lost \$45.6 million in 1981.

CURRENCY RATES

Interbank exchange rates for Jan. 27, 1982, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.	G.	B.F.	S.P.	D.K.
Australia	2.3445	0.758	109.66	43.18	8.204	—	6.46	17.81	33.45
Belgium (fr)	20.24	1.70	17.80	4.955	3.725	15.59	—	21.28	5.153
France (fr)	2.3145	0.758	109.66	43.18	8.204	—	6.46	17.81	33.45
Germany (M)	1.8995	0.421	11.015	2.310	4.258	72.515	3.485	14.725	—
Holland (fl)	1.2275	0.202	58.14	20.12	—	48.13	31.53	69.15	10.44
Italy (L)	—	1.3705	0.448	0.167	0.0006	—	0.3937	0.0245	0.5481
Japan (¥)	164.0	1.182	254.25	—	4.745	—	231.75	14.595	77.34
Switzerland (S)	1.457	0.401	72.25	31.49	8.495	72.705	4.095	—	94.275
U.S. (D)	1.0000	0.5449	24.638	6.2181	1.3132	2.8558	4.5387	1.9529	8.0161

Dollar Values

	\$	£	D.M.	F.F.	Y.	G.	B.F.	S.P.	D.K.
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
1,000	1.0000	0.6959	0.0401	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001

1 Shorter: 1.322 Irish L.
1st Commercial bank. (2) Amounts needed to buy one pound. (3) Units of 100. (4) Units of 1,000.

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- Withdrawals in any amount can be effected on maturity of the agreed notice.
- Interest paid or credited yearly.
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PESETA (Spain) 15.25 %
DOLLAR (U.S.) 15 %
STERLING (£) 15.75 %
FRANC (French) 18.25 %
MARK (Deutsch) 12.75 %
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NO TAX

Swiss Banking Society
Light House Development
Europe Fund
P.O. Box 369, Gibraltar
Tel: 72546, Telex: 2297 STRANS GY

Weekly net asset value

Tokyo Pacific Holdings N.V.

on January 1, 1980: U.S. \$66.42
on January 25, 1982: U.S. \$89.23

Listed on the Amsterdam Stock Exchange

Information: Pierson, Halding & Pierson N.V.,
Harengracht 214, 1016 BS Amsterdam.

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NEW YORK — New York stock prices closed barely higher Wednesday and analysts said the market appeared to shrug off President Reagan's State of the Union message Tuesday night and focus its attention on possible actions by the Federal Reserve.

The Dow Jones industrial average at close was up 1.15 at 842.66. Advances led declines by around 770 to 640 and volume rose to some 50 million shares from 44.87 million Tuesday.

After the close, the Treasury said it would raise a record \$41.25 billion in new cash in current quarter and also would ask Congress to raise interest ceiling that limits future bond sales.

On currency exchanges, the dollar fell on news of strong West German trade figures but then later recovered fairly active trading, dealers said.

They said New York and Chicago both entered the market as heavy buyers of dollars.

In London, the dollar closed at 2.3193 Deutsche marks, up from 2.3085 at midsession and just above its opening 2.3165, but a little below Tuesday night's 2.3127.

In corporate news, R.H. Macy, the retailer, and American Can Co. both announced that they would buy blocks of their own stock. Macy said its board had authorized the repurchase of up to 500,000 of its common shares.

American Can said it had accepted for payment 2.2 million of the shares under an offer made Jan. 12.

From Tulsa, Cities Service said it will discontinue its plastics operations and incur a one-time after-tax charge of about \$290 million, the company said the operations lost \$45.6 million in 1981.

CURRENCY RATES

1980 and 1981 had "contributed to the onset of the current downturn."

"Stability of policy is the key requirement for any permanent retirement in output and employment," he said.

Mr. Regan told the congressional committee that the administration wanted the Fed to slow the growth in the money supply gradually. Instead, he complained, the Fed had allowed the money supply to swing from sharp declines to very large increases.

"Such volatile money growth is very damaging effects on the economy," Mr. Regan said, adding that it "tips keep interest rates lower than needed to meet their principal." He said a recent sharp acceleration in money growth, which has been accompanied by rising interest rates, has renewed concerns about inflation.

He said "there's enormous uncertainty in the financial markets."

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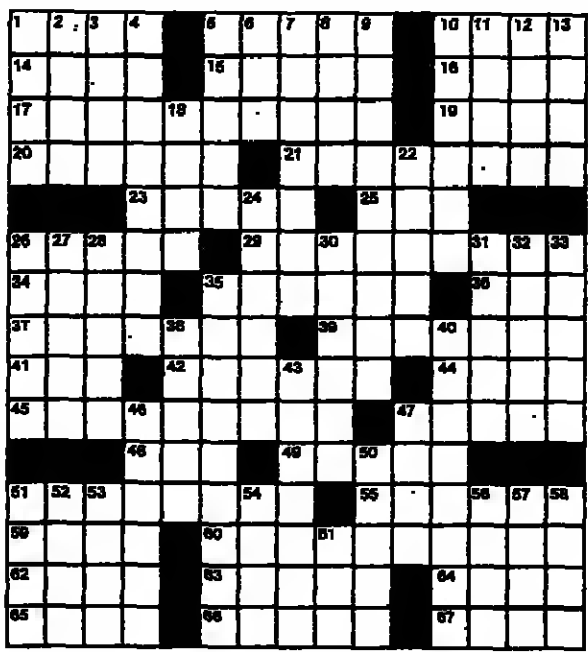
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NYSE Nationwide Trading Closing Prices Jan. 27

Tables include the nationwide prices up to the closing on Wall Street.

12 Month	Stock	High	Low	Div.	Yld.	P/E	100s	High	Low	Div.	Yld.	P/E	100s	High	Low	Div.	Yld.	P/E	100s
(Continued from Page 8)																			
20	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41
23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42
24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46
28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47
29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51
33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53
35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54
36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56
38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57
39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58
40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61
43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62
44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63
45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66
48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67
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60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81
63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82
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65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84
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67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86
68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87
69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88
70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89
71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91
73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92
74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93
75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94
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77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96
78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97
79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98
80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101
83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102
84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103
85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104
86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106
88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107
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90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109
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92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111
93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112
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99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118
100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119

CROSSWORD Edited by Eugene T. Malachuk



ACROSS

1 Galileo's birthplace
5 That is: Lat.
10 Riffs
14 Ending with system
15 Superimpose
16 Kazan
17 Gratuity
19 Tip off
20 Give confidence to
21 Traumatic
23 De la harmony
25 Meant of the movies
26 "Rain" role
29 Fish bait
34 Egyptian symbol
35 N.L. team
36 Trifling sum
37 Most acerbic
39 Mechanism
41 City on the Danube
42 Back ends
44 "Farewell, Fabius!"
45 Three sheets in the wind
47 Deflects
48 Part of H.M.S.
49 Dostoyevsky

DOWN

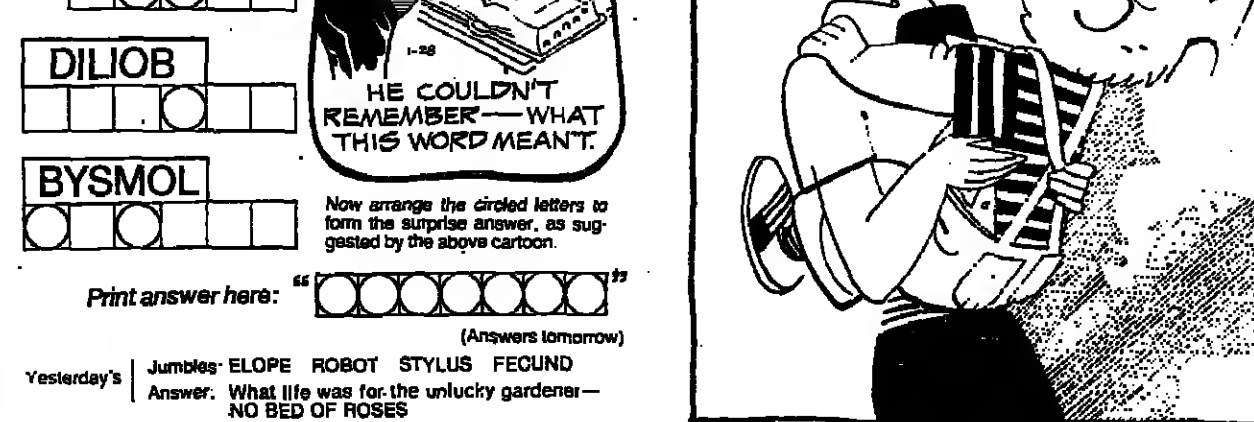
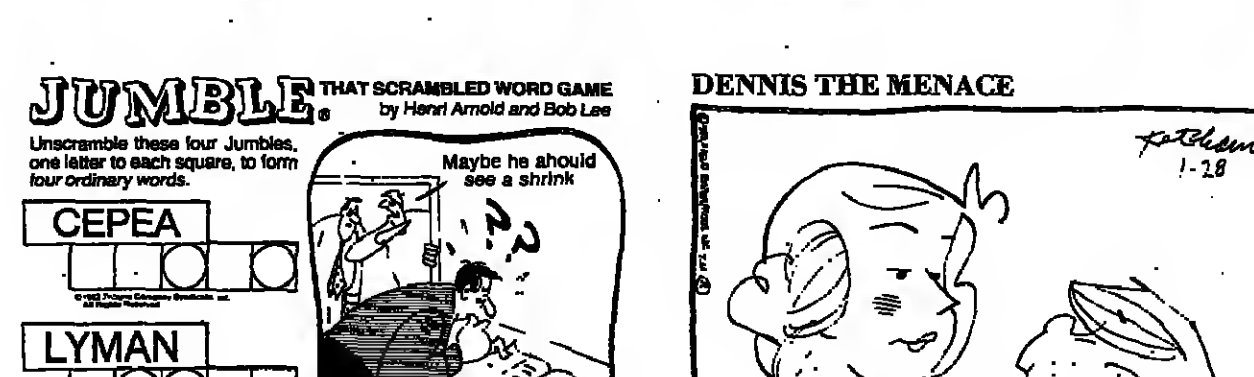
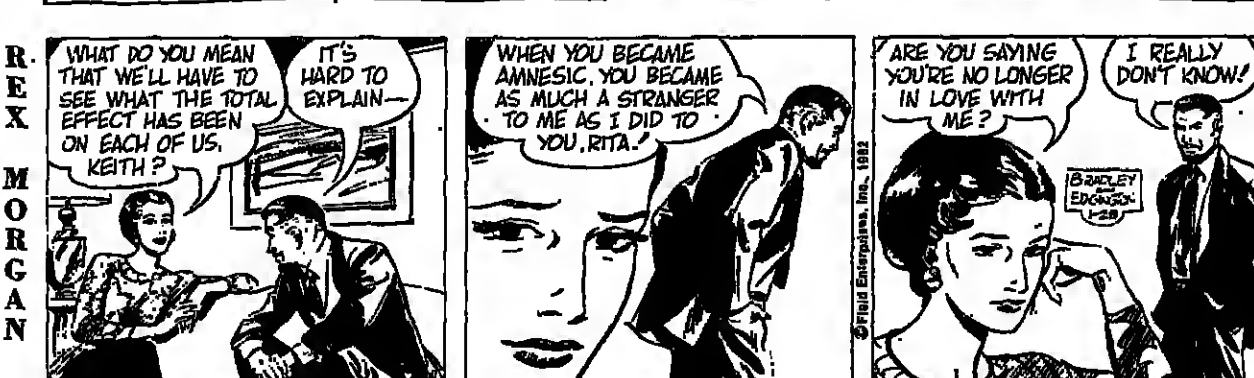
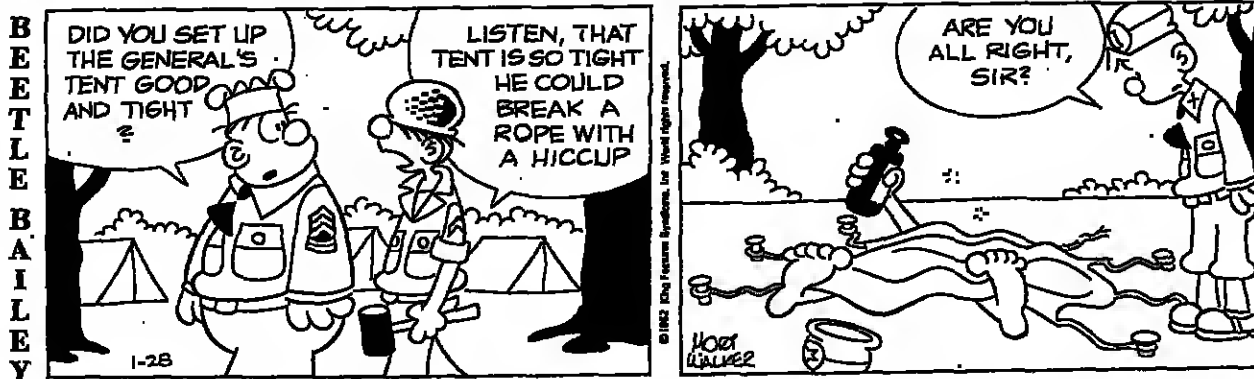
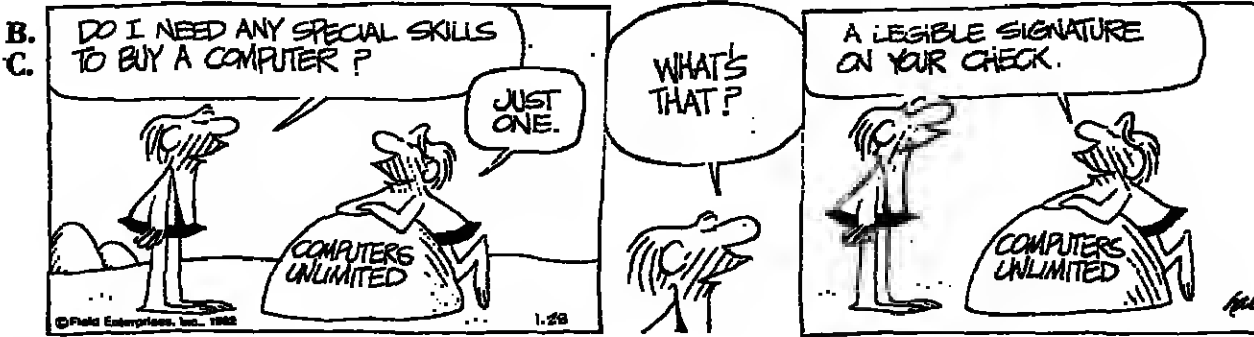
51 Flavorsome candy
55 White House name
59 Perfume
60 He exerts
62 Existed
63 Certain joints
64 "— fan tute"
65 Tan shade
66 Wories
67 Unbroken
24 Paschal festival
26 Paid attention
27 To any extent
28 Stuffed beef casing
30 Rio— leader: 1259-1326
31 Turkish leader: 1259-1326
32 Explorer
33 Tones down
35 Footnote indicators
36 Chemical compound
40 Too fastidious
43 Gridiron figure
46 — up (propped)
47 Good thing
50 Waste
51 Bearish times
52 Prelude to a patent
53 Banal content
54 Loose-change item
56 U.S.S.R. sea
57 — majestic
58 River of Albania
61 Kittenish sound

WEATHER

	HIGH	LOW		HIGH	LOW						
ALABAMA	65	45	Cloudy	MADRID	55	45	Fair				
ALGERIA	15	59	46	Cloudy	MANILA	52	64	Fair			
AMSTERDAM	8	46	26	Cloudy	MEXICO CITY	24	73	45	Cloudy		
ANAKRA	8	46	21	Cloudy	MIAMI	19	76	45	Fair		
ATHENS	17	45	65	Cloudy	MILWAUKEE	17	72	45	Fair		
AUCKLAND	28	12	54	Fair	MONTREAL	-17	1	-29	20	Fair	
BANGKOK	33	91	91	Fair	MOSCOW	-28	-28	25	Snow		
BELGRADE	18	59	9	45	MUNICH	2	36	2	36	Overcast	
BERLIN	5	41	3	37	NASSAU	28	82	20	68	Fair	
BOSTON	12	-18	18	Fair	NEW DELHI	28	82	16	39	Cloudy	
BOUSSLES	8	46	4	49	NEW YORK	13	-11	27	72	Cloudy	
BUCHAREST	2	36	-17	Fair	NICE	13	25	9	29	Overcast	
BURBANK	19	59	19	59	OSLO	-4	-28	-12	18	Fair	
BUEENOS AIRES	27	77	63	Cloudy	PARIS	17	-2	17	-2	41	Showers
CAIRO	26	68	12	54	PEKING	2	36	8	22	Cloudy	
CAPE TOWN	25	77	15	39	PRAGUE	2	36	8	22	Cloudy	
CHICAGO	2	36	-13	9	REYKJAVIK	-28	-28	-21	21	Snow	
COPENHAGEN	3	37	4	37	RIJKADE	24	72	72	72	Cloudy	
DALLAS	12	59	9	45	ROME	33	25	3	37	Rain	
DAMASCUS	16	41	39	Overcast	SALISBURY	27	11	16	64	Fair	
DUBLIN	9	48	1	24	SAN FRANCISCO	14	59	14	59	Fair	
DUNEDIN	12	59	2	36	SEOUL	-28	-28	-21	21	Fair	
FLORENCE	13	28	36	Rain	SHANGHAI	7	45	8	32	Cloudy	
FRANKFURT	3	37	2	36	SINGAPORE	33	25	77	77	Fair	
GENEVA	12	59	44	Overcast	STOCKHOLM	17	28	17	28	Fair	
HONG KONG	19	-13	9	Fair	SYDNEY	25	77	20	68	Cloudy	
HONG KONG	19	46	16	41	TAIPEI	18	44	13	35	Fair	
HONOLULU	28	82	20	68	TEHRAN	17	28	17	28	Fair	
ISTANBUL	5	41	3	37	TOKYO	19	48	4	39	Fair	
JERUSALEM	18	59	8	46	TUNIS	15	59	8	46	Cloudy	
LA PALMAS	18	59	8	46	VENICE	15	59	8	46	Cloudy	
LIMA	23	73	15	39	VIENNA	-28	-28	-23	23	Snow	
LISBON	13	59	9	46	WARSAW	0	32	-30	30	Fair	
LONDON	17	45	27	72	WASHINGTON	17	28	17	28	Fair	
LOS ANGELES	19	46	10	30	ZURICH	3	37	1	34	Fair	

Readings from the previous 24 hours.

Readings from the previous 24 hours.



Print answer here: (Answers tomorrow)

Yesterday's Jumbles: ELOPE ROBOT STYLUS FECOND

Answer: What life was for the unlucky gardener—NO BED OF ROSES

Imprimé par P.T.O. - 1, Boulevard Ney 75018 Paris

BOOKS

STRANGE GODS

The Great American Cult Scare

By David G. Bromley and Anson D. Shupe Jr.
Introduction by Harvey Cox. 249 pp. \$13.50.
Beacon Press 25 Beacon St., Boston, Mass. 02108

Reviewed by Mary Cantwell

WHILE it would not be accurate to say that the United States has welcomed its various sects, it is nonetheless a home to many. The Shakers were originally English emigrants; Mormonism is native born, assorted offshoots of mainland Protestantism have flourished in this country. Many a prominent U.S. politician has been revealed to belong to a sect obscure until his election. Dwight D. Eisenhower's family, for example, were members of the River Brethren, a branch of the Menonites, and his mother eventually became a Jehovah's Witness. And it is ironic that it was the election of a Roman Catholic president, a member of a sect that pre-dates all other Christian sects in the United States, that occasioned the most fear. "At one time," say the authors of this valuable book, "Catholics experienced some of the most severe discrimination and violent persecution in U.S. history."

"Strange Gods" is an exploration of six of today's most prominent cults: the Unification Church, the Children of God, the Hare Krishnas, the Divine Light Mission, the Church of Scientology and the People's Temple. But unlike most current chronicles of American cults, David G. Bromley and Anson D. Shupe Jr. put their exegeses within a historical context. In doing so, they reject hysteria and slide such seemingly aberrant phenomena as "getting clear" and Krishna consciousness into, if not the mainstream, the tributaries of American religious experience. Some of the sects are, in fact, inspired guesses. Who would quarrel with the Children of God's exegesis of "The Time of the Great Confusion" (due, they said, in the late 1970s or early '80s), which would be marked by "a progressive worsening of the world situation, rampaging in-

PROPHET OF BLOOD

The Untold Story of Ervil LeBaron and the Lambs of God

By Ben Bradlee Jr. and Dale Van Atta. 350 pp. \$13.95.

Putnam, 200 Madison Ave., New York, N.Y. 10016.

Reviewed by Carolyn Banks

THE AUTHORS call Ervil LeBaron a "charismatic entrepreneur in the tradition of Charles Manson and, more recently, the Rev. Jim Jones of Guyana fame." Indeed, it is impossible to read of LeBaron's Lambs of God without recalling those other, more widely publicized cults. LeBaron and his Lambs did not get much press until the 1977 murder of Dr. Rulon Alford, with which the book opens. That murder—executed by a two-woman hit squad—spotlighted not just LeBaron's but a number of polygamist sects. Alford had been the leader of one sect, as were two of Ervil LeBaron's brothers. Ervil LeBaron, in fact, had been born to "polygamy," who had fled to Mexico following their excommunication from the Mormon Church.

There is a wealth of detail about this subculture, fascinating in and of itself. More interesting, though, is the meticulous account of the way LeBaron subverted the doctrine of plural marriage to his own murderous ends.

Polygamist Community
"In a polygamist community," the authors tell us, "control of the women confers power, and Ervil understood that. Influencing them meant to having a colony in every home." Thus LeBaron, while still a member of his brother Joel's Church of the Firstborn of the Fullness [sic] of Time, organized the secret United Women of Zion. They would rid the world of his many enemies. "He said the women were going to do the killing because people weren't suspicious of women," one participant recalls. Another remembered that Ervil LeBaron "really began to feel that he had God's power to go and take lives if he so desired."

There was a lot of talk about "put to death, put to death."

LeBaron's 11th wife, Vonda, was his most willing killer. We learn in the book. Devoted to her husband, she shrugged off her "sheltered, innocent and Mormon-dominated childhood"

and became a "murderess in the name of God."

Even LeBaron's male followers behaved with aplomb in the face of the most grisly circumstances, the authors show. Lloyd Sullivan, who later defected, was with Ervil LeBaron when he ordered the execution of his own daughter, Rebecca. "I wonder if Rebecca's in the trunk," LeBaron commented idly to Lloyd, who opened the trunk about four inches and was stunned to see Rebecca Choyeworth lying there... obviously dead."

More chilling is the book's account of the death of Robert Simons, who wrote LeBaron asking for information about the Lambs of God. Simons got more than he bargained for: a personal visit from LeBaron. When Simons refused to acknowledge LeBaron as God's prophet, one of the Lambs drove Simons to the desert where two of the others were lying in wait. "Weapons drawn, they stepped up to within five feet of their target, who, obligingly, was standing with his back to them. The Lambs reported to their leader that Simons had been shot, doused with lime and buried."

What gave Ervil LeBaron—who had by this time declared himself the "One Mighty and Strong"—the ability to bolder others in such thrall? Would he have been able to resist? This is, of course, what powers readers through documentaries about such figures. We test ourselves.

It is over a fair test, exactly, because we meet these monsters when their madness has run its course, when they are caged, reduced. Crucial, though, is the illusion of test.

Here it is maintained through the steady, painstaking accumulation of fact. LeBaron rises—and falls—before our very eyes. This book is scholarly in its attention to even the "dim constellations around the central sun" of Ervil LeBaron.

Equally crucial is the perpetuation of threat. Bradlee and Van Atta tell us of "a hard-core dozen followers, scattered between Arizona and California."

The leader of this group is son Arturo LeBaron, to whom Ervil LeBaron, according to prison writings police intercepted, had already passed on his mantle. At LeBaron's death, Arturo becomes the "One Mighty and Strong."

In an addendum we learn that Ervil LeBaron died in his Utah State Prison cell on Aug. 16, 1981.

Carolyn Banks's most recent novel is "The Darkroom." She wrote this review for The Washington Post.

BRIDGE

By Alan Truscott

BOTH North-South pairs went badly astray in the bidding of the diagrammed deal. The first two rounds of bidding were quite orthodox. South rightly opened on the strength of his powerful suit and quick tricks. North bid both black suits, and South was at the crossroads.

Both South players bid three no-trump, taking a lateral view. With only one diamond stopper he should have considered the possibility that a major-suit contract would be preferable. The right bid was three diamonds, a noncommittal move leaving all doors open. North would have rebid spades and South would have raised. Four spades would have produced an overtrick with no difficulty.

One declarer in three no-trump had the benefit of the lead of the spade king. This allowed him to duck and make use of the spade suit, but when West shifted to a diamond, the declarer could not make more than eight tricks.

A diamond lead would have made matters easy for the defense. But if West had led his anemic club suit, there would have been some problems. East's entry would have been removed before his diamonds were es-

Solution to Previous Puzzle			
SMART	BEST	SCOT	
COLOR	EMIR	ARLO	
AROMA	VELE	COIN	
TOPSY	TURVY	RIVE	
SERGE	SEXES		
ALAN	MIROTO		
OGAS	AL	QUEE	
AGASHES	REMOVED		
RESPECT	ROWENA		
WAKEFUL	SAYS		
SHEAR	PAPAS		
TAXI	WORRYWARTS		
EGIS	IMRI	IVORY	
MAST	PIAS	PAYON	
ORTS	ETRE	ELOPIE	

Neither side was vulnerable. The bidding:

NORTH			
♠ A J 10 8 5			
♥ —			
♦ 8 4 3			
♣ K Q J 4			

WEST			
♠ K Q 3			
♥ 7 8 3			
♦ J 7 2			
♣ 9 8 5 2			

SOUTH (D)			
♠ 9 7			
♥ A K 10 7 5 4			
♦ A 10 5			
♣ 10 7			

South led the spade king.

Art Buchwald

Say Hi for Just \$3.95

WASHINGTON — No one knows what is going to happen when AT&T breaks up, according to the recent settlement made with the government.

"Ma Bell" will be permitted to keep its long-distance service and its laboratories, and to go into all sorts of new electronic communications. But it has agreed to sell off the local telephone companies it owned, which service communities.

According to the people who should know, this could increase the cost of local telephone calls tremendously because AT&T subsidized this service, while it profited from long-distance.

This means a whole new advertising campaign for local telephone companies, to encourage people to use the phone.

The TV commercials might go something like this:

Camera showing taxi driver, Voiceover: "Do you realize that you can now call your local delicatessen after 11 o'clock at night for only \$3.95?"

Taxi driver: "You got to be kidding. Only \$3.95?"

That's right. For \$3.95 you can call anywhere in the city after 11 o'clock, and all day Sunday."

Shot of woman in supermarket. "When was the last time you spoke to your child when he was sleeping over at a friend's house?"

"I never call her because it's too expensive."

"What would you say if I told you that if you dial direct you could talk to her for three minutes for \$2.75 after midnight?"

"I'd say you were pulling my leg."

"I'm not pulling your leg. The B&S Telephone Co. will now let you call anyone within a 10-mile radius after midnight for \$2.75 for three minutes, and only \$1.20 for every additional minute. Surely there is someone in your town who would love to hear from you."

Shot of conference room in office. Stocky banker-type man walks

in and says to people sitting around the table: "Where's Sloum?"

"He went over to see Roustetter on K Street about the merger deal."

"K Street, that's three blocks away."

Sloum walks in and everyone looks at him sternly.

Banker-type says, "Sloum, haven't you heard of a local telephone call? For just \$6.95 you could have spoken to Roustetter on the phone."

"Gosh, sir, I over thought of it."

Banker smiles. "That's why you're not going anywhere in the firm. A local telephone call is the only way to do business. Isn't that right, gang?"

Everyone at the table all together: "RIGHT, CHIEF!"

Shot of grandmotherly type talking into the phone. Grandfatherly type comes into room. "Who are you talking to, mother?"

"Hilda, dear. She seemed so happy to hear my voice."

Voiceover: "You don't need a good reason to call someone locally any more. Just pick up the phone and surprise them. You'd be amazed at how little it costs compared to hiring a Cadillac limousine. Make someone in your neighborhood happy today by saying, 'Hello.'"

"Sure, mom. It's on my list."

Voiceover: "When you have a problem and you don't have the money to make a local call, B&S has the answer. Call collect, or charge it to your home or business number. Local calls are cheaper than you think."

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The Book at Pooh Corner

Reading to Children, From A.A. Milne to Arthur Schlesinger

By Glenn Collins

New York Times Service

NEW YORK — Even as the celebrations marking the 100th anniversary of the birth of A.A. Milne proceed, parents in 60 countries are reading to their children in 25 languages from among the more than 30 million published copies of "Winnie-the-Pooh" about the adventures of Pooh, Piglet, Eeyore, Tigger, Kanga and Roo.

They are continuing the tradition that gave birth to Pooh in the first place. "Uncle Remus was read aloud to us by Papa, a chapter a night," Milne wrote in his 1939 autobiography, "It's Too Late Now." When, 40 years later, I wrote a book called "Winnie-the-Pooh" I remembered all that Uncle Remus and Reynard the Fox and the animal stories in Aunt Judy's Magazine had meant to me. I had the happy feeling that here was a magic which children, from generation to generation, had been unable to resist."

One of the memories cherished by Alan Alexander Milne (1898-1956) was that of his father reading aloud. The tradition was passed to Milne's son, Christopher, who was the model for Christopher Robin and who, in turn, read to his daughter.

"I was read to until I was 14 or 15, and I believe that reading

aloud to children is essential," Christopher Milne, 61, said by telephone from his home in Dartmouth, England, where he is a bookshop proprietor. "It was almost a tradition in our house to have our daily chapter of Wodehouse. In fact, my mother read Wodehouse to myself and my father, and we also had Lewis Carroll and lots and lots of Lear."

Although Christopher Milne has spent many years trying to free himself from the imprisoning effects of his fictional persona, he does not question the enjoyment that Christopher Robin and his friends have given others.

Parents' Delight

"I think the delight that parents have taken in reading the Pooh books to their children accounts for their great popularity," he said. "It only takes 20 minutes or so a day to read to a child. Yet it leaves a lovely warm feeling that lasts you all your life. It's almost greater than any other pleasure a parent and child can share."

His views are born out by researchers from a variety of disciplines.

"Reading to children can enhance their language development, can expand their vocabularies and give them a more advanced understanding of grammatical forms," said Jeanne S. Chall, professor of education at

the Harvard University Graduate School of Education and director of the institution's reading laboratory.

Chall said there had been a convergence in the findings of reading researchers, developmental psychologists, linguists and language anthropologists about the value of reading aloud. "Naturally, it's been a long historical tradition too," she said. "There is a sacred practice of reading the Bible aloud as well as the advice in the Talmud that fathers should seat their children on their laps at the age of 6 months and begin reading to them."

From the 1920s through the '50s parents were told by many educators that they should not teach their children reading at home. "But more and more we're realizing how important it is for parents to impart basic skills," said Nancy Larrick, a reading specialist and a founder of the International Reading Association, a scholarly group. "Kindergarten teachers can always tell kids who have been read to."

Challenge of TV

Larrick said reading at home had been challenged in recent years by television. "There are many more one-parent homes and working couples, and frequently children turn on the TV because nobody's there," she said. "That's why a good school or a library is so important."

Librarians, who have long believed in the value of reading to older children in the traditional story hour, are trying to encourage reading to children at earlier ages.

"I think the trend toward working with preschoolers derives from the recent focus on early childhood development, which has stirred librarians' interest in this area," said Betty Hearne of Booklist, the book-review magazine of the American Library Association in Chicago.

"The publishers have finally caught on, and there are more books that can be read to babies



A.A. Milne: "Happy feeling."

now than ever before," she said. "But buying enough of them is just too expensive for most parents, and so the public libraries' job has been to present the enormous range of books available to children."

Reading to children is the theme of the 1982 educational program of the Children's Book Council, a nonprofit association of publishers of children's books that sponsors National Children's Book Week and encourages the enjoyment of children's books.

Advice on reading to children is not the exclusive province of the experts; parents have strong opinions too.

"I believe that any boredom a parent may feel in reading to children is strongly communicated to them," said the historian Arthur Schlesinger Jr. "That's why I think that the books being read should always be of interest to parents as well as to children."

Schlesinger has carried on a family tradition by reading to his children; he was reading a swash-buckling volume called "Pirates in History" to his 9-year-old son, Robert, the night before he was interviewed. "If children are read to, they learn to regard books as part of the landscape," he said.

He has continued another tradition: His mother was not only a spirited reader-aloud but also an astute skipper, he said, and "I'm a skipper too."

"It's certainly allowable to skip some detail, but you can't do it without being a fast reader," he advised. "You try to glance ahead and conceal the fact that you're skipping. Of course, I've been caught many times."

PEOPLE: Supporting Ex-Presidents

To Cost U.S. \$25 Million

With a newly adorned office, Jimmy Carter is relishing the luxury of being a former president — a position with no formal powers, but likely to cost U.S. taxpayers about \$25 million this year. In 1982, the government can be expected to pay more for former presidents — Carter, Richard M. Nixon and Gerald R. Ford, and their families and presidential widows, for pensions, Secret Service protection and other expenses, and operating money for presidential libraries and museums — than to run the White House. It all started in 1950, when \$55,129 was paid to Harry Truman after Congress — passing the Former Presidents Act to help him out. Democratic Sen. Lyndon B. Johnson, who is campaigning to restrict the expenditures, said taxpayer support for Truman's successors and their families has been "growing like Topsy." Maoy of the expenses are absurd and wasteful, he contends. He cited: Secret Service agents who are "going bonkers" watching the residence of 97-year-old Ben Truman (the suggested that the highlight of the day is the arrival of the mailman); the dispatching of a team of 10 or 12 Secret Service agents to accompany Lady Bird Johnson on a chartered Mediterranean cruise, although the agency feels there is no threat to the former first lady; Ford's decision to set up not only a library at the University of Michigan at Ann Arbor, but a separate museum in his hometown of Grand Rapids, Mich., 130 miles away; Government costs for the two institutions will exceed \$1.5 million this year. Ford, who had little money when he took office, has become the most financially successful former president in history. He earned an estimated \$750,000 last year from his service on seven corporate boards, his investments and more than 20 speaking honorariums averaging \$10,000.

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Speakes said, "We regret it." Roosevelt was in New York City for a ceremony honoring John F. Kennedy, who was also in New York City. He was saying he was "surprised that the president did not appoint a centennial commission, yet suddenly he invites the entire family to the White House."

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